# Kentucky Horse Racing Commission



# 2014 Annual Report

Calendar year except as noted

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http://khrc.ky.gov



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#### LETTER FROM CHAIRMAN BECK

The Honorable Steven L. Beshear Commonwealth of Kentucky 700 Capitol Avenue Frankfort, Kentucky 40601

Dear Governor Beshear:

On behalf of the Kentucky Horse Racing Commission (KHRC), it is my privilege to submit to you the Commission's Annual Report for 2014, pursuant to KRS 230.270. This report presents a summary of the Commission's and the agency's activities and accomplishments, as well as statistical data related to horse racing and pari-mutuel wagering in the Commonwealth.

As the state agency charged with regulating and overseeing Kentucky's horse racing industry, KHRC overcame many challenges while continuing to pursue various safety and integrity initiatives for both horses and participants in Kentucky horse racing. Many of the agency's achievements are detailed in this report and we look forward to building on to this success in the future.

My fellow Commissioners and the KHRC staff appreciate your continued support of the KHRC and the horse racing industry and look forward to working with you to address the challenges that confront one of the Commonwealth's signature industries. Despite an ever-changing landscape, it is my belief that by working together, we will strengthen both the agency's and the industry's positions as leaders on the local, national and international level, in order to ensure that Kentucky remains the "Horse Capitol of the World."

Sincerely,

Robert M. Beck, Jr. Chairman Kentucky Horse Racing Commission

#### **EXECUTIVE DIRECTOR'S COMMENTS**

As Executive Director I have been privileged to work with an outstanding group of individuals, the members of the Kentucky Horse Racing Commission (KHRC). I would like to thank those Commissioners and the KHRC professional and dedicated staff that have all worked diligently to ensure the safety and integrity of the Commonwealth's horse racing industry. Public Protection Cabinet Secretary Robert Vance, Acting Secretary Larry Bond, Secretary Ambrose Wilson and KHRC Chairman Robert Beck, along with members of the KHRC, have given greatly of their time, thought and good judgment in providing leadership to the horse racing industry in Kentucky. Governor Steve Beshear continues to strongly support and advocate the best interests and goals of the everchanging horse racing industry and the growing challenges facing the industry on a local, national and international level. We continue to flourish by maintaining a solid working relationship with the governor's office and the legislature.

We have a very active Commission, and an active committee structure that analyzes and makes recommendations on specific issues. The Kentucky Horse Racing Commission addressed many safety and integrity issues and matters related to thoroughbred racing, standardbred racing, Breeders' Incentive Funds and the future of horse racing in the Commonwealth. This report summarizes many of the achievements and issues the Commission has faced over the last year.

In conclusion, I would like to again thank the Governor, the legislature, the KHRC Commissioners, staff and all those who helped to move the agency forward during 2014. We will continue to take the lead on issues facing the horse industry, assisting Kentucky to maintain the large number of Kentucky residents that rely on the horse industry for their livelihood and remain the "Horse Capital of the World."

Respectfully submitted,

John T. Ward, Jr. Executive Director Kentucky Horse Racing Commission



# 2014 MEETING DATES

The Kentucky Horse Racing Commission meetings were open to the public.

April 2

May 13

June 10

July 16

September 25

October 21

December 2

#### KENTUCKY HORSE RACING COMMISSION MEMBERS

The Kentucky Horse Racing Commission is an independent agency of state government charged with the responsibility of regulating the conduct of horse racing and pari-mutuel wagering on horse racing and related activities within the Commonwealth. The Commission is composed of fifteen gubernatorial appointees along with the Secretary of the Tourism, Arts and Heritage Cabinet, the Secretary of the Public Protection Cabinet, and the Secretary of the Cabinet for Economic Development serving as ex-officio members of the Commission. The KHRC is honored to have the following racing industry and community leaders serve as voting members of the Commission, appointed by Gov. Steve Beshear:

#### Robert M. Beck, Jr. - Chair

Mr. Beck is a transactional lawyer and a member of Stites & Harbison, PLLC. He has represented both domestic and foreign clients in the purchase, sale and syndication of bloodstock valued at more than \$700 million. Mr. Beck regularly provides corporate and financing legal counsel to equine industry participants, including banks, horse farms, trainers, and organizers of multiple ownership arrangements for racing and breeding syndicates.

Mr. Beck also assists manufacturing and service businesses and financial institutions with general corporate law, commercial lending, and mergers and acquisitions advice and transactions. Mr. Beck is also a member of the American Arbitration Association Mediator and Arbitrator panel.

Mr. Beck is a licensed Thoroughbred owner and breeder.

# <u>Tracy Farmer – Vice Chair</u>

Mr. Farmer owns Shadowlawn Farm near Midway, Kentucky. He owns six automobile dealerships as well as a state-of-the-art collision center in Louisville, Kentucky and is also involved in commercial real estate development and building management in Louisville, Lexington and Cynthiana, Kentucky. Mr. Farmer is a member of The Jockey Club and the Thoroughbred Owners and Breeders Association.

Mr. Farmer is a licensed Thoroughbred owner and breeder.

#### Edward S. Bonnie

Mr. Bonnie, an attorney for Frost, Brown, Todd, LLC, concentrates his practice in the area of equine law. He acts as counsel for owners, trainers, veterinarians, jockeys, feedmen, blacksmiths and others in the horse business.

Mr. Bonnie is a licensed Thoroughbred owner and breeder.

# F. Thomas Conway

Mr. Conway is a sole practitioner focusing mainly on litigation practice in personal injury, products liability and medical malpractice.

Tom Conway is a licensed Thoroughbred owner and breeder.

#### Allan Wade Houston

Mr. Houston is Executive Vice-President and owner of Houston-Johnson, Inc., a logistics provider and warehouse management entity that coordinates specific just-in-time activities.

#### Neil Howard

Mr. Howard is a Thoroughbred owner and breeder. He has been General Manager of Gainesway Farm since 1998. He earned a BS in Animal Science from the University of Kentucky.

Mr. Howard has served on a number of industry boards of directors, including the Thoroughbred Club of America and the Kentucky Thoroughbred Association. He is a past president of the Kentucky Farm Managers' Club and is the current president of the Consignors' and Breeders' Association. Mr. Howard was named Kentucky Farm Manager of the Year in 1994. He also serves on the Kentucky Agriculture Commission.

#### Frank Jones, Jr.

Mr. Jones is owner of Recreonics, Inc. of Louisville, Ky. He is the vice-president of the Kentucky Horsemen's Benevolent & Protective Association (Ky HBPA).

Mr. Jones is a licensed Thoroughbred owner.

#### Elizabeth S. Lavin

Mrs. Lavin and her husband, well-known Kentucky equine veterinarian, A. Gary Lavin, own and operate Longfield Farm, a commercial breeding and boarding operation.

Mrs. Lavin is a licensed Thoroughbred owner and breeder.

#### Alan J. Leavitt

Mr. Leavitt is the president and general manager of Walnut Hall Ltd., Lexington, Ky., owned by his wife, Meg Jewett. Mr. Leavitt is a director of the Hambletonian Society and the USTA and president of the Kentucky Standardbred Breeders Association. He is also a member of the Harness Racing Living Hall of Fame.

Mr. Leavitt is a licensed Standardbred owner and breeder.

# D. Wayne Lukas

Mr. Lukas established himself as a top Quarter Horse trainer, averaging more than \$1 million in purse earnings a year and turning out 23 Quarter Horse champions before turning to Thoroughbreds on a full-time basis in 1978. The first trainer to earn more than \$100 million in purse money, he has been the year's top money winner 14 times. He is racing's all-time leading money-earning trainer.

His horses have won the Kentucky Derby four times, the Preakness Stakes on six occasions, and have claimed victory four times in the Belmont Stakes, including winning all three of the Classics in 1995, making him the first trainer to sweep the Triple Crown Classic races with two different horses in a season. In 2013, he surpassed Sunny Jim Fitzsimmons for the most Triple Crown race victories with 14.

He has won a Breeder's Cup race 19 times and fillies Lukas has trained have won the Kentucky Oaks four times. He has trained 24 Eclipse-winning horses and three of those have been Horse of the Year. He has won the Eclipse Award for Outstanding Trainer four times and was presented the 2013 Eclipse Award of Merit. He was inducted into the American Academy of Achievement in 1988 and into the National Museum of Racing and Hall of Fame in 1999. He was named the 2002 H.B.P.A. Man of the Year. In 2007, he was inducted into The Kentucky Horse Racing Hall of Fame, The Texas Horse Racing Hall of Fame, and the American Quarter Horse Hall of Fame; becoming the first person to enter both the Thoroughbred and Quarter Horse halls of fame.

#### Dr. Foster Northrop

Dr. Northrop is an equine veterinarian with his own practice, Northrop Equine PLLC, practicing primarily on Thoroughbred racehorses at Churchill Downs, Keeneland and Palm Meadows in Boynton Beach, Fla. Dr. Northrop serves on the American Association of Equine Practitioners (AAEP) Racing Committee and served on the Grayson Jockey Club Research Advisory Committee.

#### John W. Phillips

John Phillips is a third-generation horseman who oversees the family owned Darby Dan Farm. He also manages Phillips Racing Partnership, which has campaigned several Grade I performers, including Breeders' Cup winner and Eclipse Champion Soaring Softly and current Grade I winner Winter Memories. Receiving a BA from Denison University and a JD from Vanderbilt University, Phillips was an associate and eventual partner in Bricker & Eckler law firm in Columbus, Ohio. As a lawyer in Ohio he represented a number of equine industry clients including the Ohio Thoroughbred Owners and Breeders and HBPA, Ohio Division. Phillips moved to Lexington, Kentucky in 1998 committing exclusively to his equine enterprise.

Phillips has served the industry in a number of positions and on a number of boards. Currently he is a member of The Jockey Club and serves as a director of The Jockey Club Information Systems. He is a member of TOBA, having served on the Executive Committee of that organization for several years. He is a past director of the Board of the Bluegrass Conservancy, Thoroughbred Club of America, the Breeders' Cup Board of Directors and the Executive Committee, and is presently a director of the Fayette Alliance in Lexington, Kentucky.

#### J. David Richardson, M.D.

Dr. Richardson has been active in the thoroughbred horse business for nearly 40 years. He has multiple horses in training and a commercial breeding operation. He has twice served as President of the Kentucky Thoroughbred/KTOB Association. He has also served in multiple positions with the Thoroughbred Owners and Breeders of America. He is

currently the Chair of the Graded Stakes Committee of TOBA and serves on the Breeders Cup Board of Directors.

Dr. Richardson is Chief of Surgery at the University of Louisville Hospital and the Vice Chair of the Department of Surgery at that institution. He has served as president of numerous surgical organizations and recently concluded a term of Chairman of the Board of Regents of the American College of Surgeons, which is the largest surgical organization in the world with 75,000 members.

#### **Burr Travis**

Mr. Travis is a partner with the law firm of Busald, Funk and Zevely, P.S.C. of Florence, Ky.

Mr. Travis is a licensed Thoroughbred owner and breeder.

#### Dr. Jerry Yon

Dr. Yon is a self-employed physician in Lexington, Ky. Dr. Yon was appointed chair of the Kentucky Equine Drug Research Council (EDRC). He is actively involved in equine medication and drug testing research and policies and procedures.

The KHRC is honored to have the following Cabinet secretaries serve as non-voting members of the Board:

#### Robert D. Vance

Secretary Vance was appointed secretary of the Environmental and Public Protection Cabinet (EPPC) in December, 2008 and continues as Secretary of the Public Protection Cabinet (PPC).

Secretary Vance brings nearly 40 years of managerial experience and a record of civic involvement to his post as secretary of the Environmental and Public Protection Cabinet. Vance, of Maysville, has spent most of his career in banking. He has been chairman or a senior officer of banks in Maysville, Warsaw, and Dawson Springs, Kentucky and Evansville, Indiana. He also has worked as an agricultural lender for Farm Credit Services, a trust examiner for the Controller of the Currency and a stockbroker for Bache & Company.

He is a native of Grant County. He earned business and law degrees at the University of Kentucky. He also is a graduate of the Stonier Graduate School of Banking at Rutgers University and the Executive Banking Institute at the University of Louisville.

He has served as president of the Maysville-Mason County Chamber of Commerce, board chairman of the Kentucky Bankers Association School of Banking, vice chairman of the Maysville-Mason County Industrial Authority and president of Limestone Family YMCA. He is a past board member of the Kentucky Gateway Museum Center, the Hayswood Foundation, UK Law School Alumni and Integra Bank Corp., of Evansville.

Secretary Vance retired from state government in May 2014.

#### Larry Bond

Since 2012, Larry R. Bond has served as the Chief of Staff to Kentucky's 61<sup>st</sup> Governor, Steve Beshear. In this capacity Larry is entrusted with working directly with the Governor on a host of issues ranging from public protection, education, the Commonwealth's interaction with local government, as well as the day-to-day operations within the Office of the Governor.

In addition to Bond's role as Governor Beshear's Chief of Staff, beginning in May 2014 upon Public Protection Cabinet [PPC] Secretary Robert D. Vance's retirement, Governor Beshear asked Bond to also serve as Acting Secretary of the PPC until a permanent Secretary is announced.

Prior to his appointment as Chief of Staff, Bond served as Deputy Chief of Staff and as Deputy Secretary for the Department of Public Protection overseeing 11 diverse agencies that share the common goal of protecting the public.

Before his service in State Government, Larry served as the chief administrative officer for the Jefferson County Government, as chief deputy and chief operating officer for the Jefferson County Circuit Clerk's Office, and as director of administration with the rank of colonel for the Jefferson County Sheriff's Office.

Bond is a graduate of the Western Kentucky University Sheriff's Academy and attended the University of Louisville and Kentucky Wesleyan University. He is a U.S. Army veteran and was decorated for his service during the Vietnam War.

#### Ambrose Wilson IV

Secretary Wilson was named secretary of the Public Protection Cabinet on Nov. 6, 2014, by Gov. Steve Beshear. Prior to that, Secretary Wilson had served as commissioner of the Department of Housing, Buildings and Construction (DHBC) since March 16, 2012. As commissioner of DHBC, Wilson had responsibility for oversight of the building construction industry and inspection process, enforcement of codes, and licensing/certification of industry professionals. Previously, he was deputy commissioner of the Department of Financial Institutions, being appointed to that post in 2008.

Prior to joining state government, Wilson was assistant vice president and human resource business partner for JP Morgan Chase in Lexington. Wilson has been a member of the Woodford County Board of Education since 1992, and is currently serving as chair. He also is secretary of the Kentucky School Board Association's Education Foundation. Wilson is a graduate of the University of Kentucky.

#### Larry Hayes

Secretary Hayes currently serves as secretary of the Kentucky Cabinet for Economic Development where he is responsible for the development and administration of executive policies designed to support and promote economic development within the Commonwealth.

Hayes was appointed cabinet secretary after serving in a dual role as Governor Steve Beshear's Executive Cabinet secretary and interim secretary for the Cabinet for Economic Development.

Prior to joining the Beshear administration in December 2007, Hayes served as both deputy mayor and secretary of the Finance and Administration Cabinet in the City of Louisville. Hayes' extensive career also includes experience in the private sector including ownership of Midwest Construction, Inc. in Lexington and partial interests in a warehousing and distribution business in Elizabethtown.

Additionally, Hayes was involved in the creation of what is now known as Greater Louisville Inc., the state's largest regional economic development partnership, serving as its first president from 1987-1988.

Prior to his work in Louisville, Hayes was the executive assistant to the Kentucky State Senate President for six years before joining Governor Martha Layne Collins' administration as both secretary of the executive cabinet and state budget director from 1983 through 1987.

In his absence, Hollie Spade serves as Secretary Hayes' designee.

#### Hollie Spade

Ms. Spade is the Chief of Staff for the Office of Legal Services in the Cabinet for Economic Development.

#### **Bob Stewart**

Secretary Stewart replaced Secretary Sparrow as the secretary of the Kentucky Tourism, Arts and Heritage Cabinet. Bob Stewart served as Commissioner of the Kentucky Department of Travel from 1992 until September 2003. This position culminated a 30-year career in Kentucky state government which included working on the staffs of four governors: he served as an assistant to Governors Wendell Ford, Julian Carroll, Martha Layne Collins, and Brereton Jones.

His work included a variety of positions that involved communications, public relations, the arts, and state marketing promotions, both domestically and internationally. A native of Frankfort, Stewart is a graduate of Centre College in Danville, Ky.

Stewart was the deputy commissioner of the Department of the Arts from 1983-85 and also served as the executive director of the Kentucky Bicentennial Commission in 1989.

He was named secretary of the Tourism, Arts and Heritage Cabinet by Gov. Steve Beshear in June 2013. In his absence, William R. Dexter serves as Secretary Stewart's designee.

#### William R. Dexter

Mr. Dexter is Executive Director of the Office of Legal Affairs for the Tourism, Arts and Heritage Cabinet, which includes the Kentucky Horse Park and the Department of Tourism and Travel.

#### KENTUCKY HORSE RACING COMMISSION STAFF

#### John T. Ward, Jr., Executive Director

Mr. Ward was appointed as Executive Director to the Kentucky Horse Racing Commission in April 2012. He is a life-long trainer who trained Monarchos, winner of the 2001 Kentucky Derby. He was a founding member of the Kentucky Thoroughbred Owners and Breeders Association (KTOBA) and has served with the Kentucky Thoroughbred Association (KTA), Kentucky Thoroughbred Owners and Breeders (KTOB), the Kentucky Horse Racing Commission, Kentucky Equine Drug Research Council, Racing Medication and Testing Consortium (RMTC), Association of Racing Commissioners International (RCI) President, Sales Integrity Task Force and on the National Thoroughbred Racing Association (NTRA) panel formed to examine jockey insurance.

#### Lindsey Flora, Deputy Executive Director

Mr. Flora was appointed Deputy Executive Director of the Kentucky Horse Racing Commission in July 2013. Mr. Flora has been involved in the thoroughbred industry since 2005. He also serves as Vice-President of Equestrian Events, Inc., organizer of the Rolex Kentucky Three-Day Event.

Prior to his appointment, Mr. Flora served as Deputy Executive Director of the Kentucky Horse Park. He served as a park representative for the World Equestrian Games. His responsibilities for the World Equestrian Games were the construction build out and venue management of the games. Mr. Flora has over 20 years state government experience where he has served in many different roles. He is a graduate of the University of Kentucky.

# Marc A. Guilfoil, Director of Racing

Since 1988, Mr. Guilfoil has worked in various capacities with the KHRC. He assisted the executive director in various matters pertaining to the overall operations of the KHRC, specifically the general day-to-day supervision over all racing officials and licensees. He is a licensed and accredited Thoroughbred and Quarter Horse Steward as well as a Standardbred Presiding Judge. Mr. Guilfoil also serves as a liaison between the Kentucky General Assembly, the eight racing associations, and the respective Horsemen's breed organizations on all racing related matters.

# Susan B. Speckert, General Counsel

Ms. Speckert was appointed General Counsel in February of 2010. She serves as the Chair of the RCI Regulatory Attorneys' Committee and is a frequent presenter at continuing education programs of the Racing Officials Accreditation Program and the Organization of Racing Investigators. Prior to her appointment, Ms. Speckert was a prosecutor with the Fayette Commonwealth's Attorney's Office and was an associate at the law office of Stoll Keenon Ogden. In 2003, Ms. Speckert graduated from the Loyola University New Orleans School of Law, magna cum laude, where she served as editor-inchief of the Loyola Law Review.

#### Katherine Paisley, Assistant General Counsel

Ms. Paisley was appointed deputy general counsel in June of 2013. Prior to her appointment, Ms. Paisley served as an Assistant Commonwealth's Attorney from 2008-2010 and operated a solo practice from 2010-2013 with a focus on criminal defense. Ms. Paisley graduated from the University of Kentucky College of Law in 2008 where she participated in national mock trial events and was awarded the Louis F. Powell Medal for Excellence in Trial Advocacy by the American College of Trial Lawyers.

#### Dr. Mary Scollay, Equine Medical Director

Dr. Scollay serves as a consultant to the KHRC on matters pertaining to equine health, welfare, safety, medication, and drug testing. Dr. Scollay also serves as a resource to the stewards when medication violations are declared in post-race testing samples and to the enforcement division in investigations.

She currently serves on the following: RMTC Board of Directors, RMTC Scientific Advisory Committee, Racetrack Surfaces Testing Laboratory Board of Directors, NTRA Safety and Integrity Alliance Code of Standards Committee, AAEP Professional Conduct and Ethics Committee, the RCI Regulatory Veterinarians' Committee, and The Jockey Club Equine Injury Database Scientific Advisory Committee. She is a member of the American Association of Equine Practitioners, the European Horseracing Scientific Liaison Committee, and the International Group of Specialist Racing Veterinarians.

#### Jamie H. Eads, Director of the Division of Incentives and Development

Ms. Eads was appointed as the Director for the Division of Incentives and Development at the Kentucky Horse Racing Commission in September 2008. She began her career in the horse industry at the National Thoroughbred Racing Association and Breeders' Cup Limited.

Ms. Eads is a graduate of the University of Kentucky, a member of the Kentucky Equine Financial Group and a member of the University of Kentucky Gluck Equine Research Foundation Board of Directors.

# Greg Lamb, Director of Pari-mutuel Wagering

Mr. Lamb was appointed supervisor of Pari-mutuel Wagering for the KHRC on Dec.1, 2009. In 1995, as a member of the Colorado totalisator standards Committee, he helped Colorado become the first state in the country to adopt Totalisator Standards. In May of 2000, he completed the requirements for certification as a fraud examiner and that status is currently active.

#### Chris Clark, Director of Licensing and Enforcement

Chris Clark was appointed to the Kentucky Horse Racing Commission (KHRC) on June 16, 2010 as the Director of Licensing. He is responsible for overseeing the Division of Licensing, ensuring that approximately 22,000 individuals were licensed correctly while overseeing a \$2 million budget.

Mr. Clark served as a member of the KHRC License Review Committee. The Licensing Division has field offices at all five Kentucky Thoroughbred and three Standardbred tracks, as well as the KHRC main office at the Horse Park in Lexington KY.

In September 2011 Mr. Clark was appointed as the Director of Enforcement for the KHRC. The KHRC Enforcement Division conducts investigations related to violations of the existing rules/regulations. The Enforcement Division also collaborates with Federal, State and local law enforcement, and track security on various levels of investigations. Mr. Clark has been a member of the Equine Security Team for Breeders' Cup, Belmont Stakes, and The All American Futurity. Mr. Clark also is a member of the NTRA Safety Accreditation Team. In March of 2011, Mr. Clark was elected to serve on the Organization of Racing Investigators Executive Board, and is currently the Chairman of the Board.

Mr. Clark previously served the Commonwealth for 10 years as a Kentucky State Trooper. In his duties with the State Police, he investigated crimes against children while being a detective for three and one half years. Mr. Clark was a member of the Kentucky State Police rifle team and in 2008 was awarded the Kentucky State Police Troopers' Medal. Mr. Clark has a bachelor's degree from the University of Louisville.

Mr. Clark lives in Campbellsburg, KY with his wife and two daughters.

#### Barbara Borden, Chief State Steward

Ms. Borden was appointed State Steward in April 2012 and promoted to Chief State Steward in September 2013. A native of Cleveland, Ohio, she has been involved in thoroughbred racing since 1976. Now residing in Louisville, Ms. Borden has been a licensed racing official on the Kentucky circuit for 28 years, and has also served as Associate State Steward, Association Steward and Horse Identifier.

#### Rich Williams, Chief State Judge

Mr. Williams is a native of Richmond, IN. A third generation horseman, Mr. Williams has been a racing official for over 16 years. He has been the chief judge, overseeing the regulation of Standardbred racing for the Kentucky Horse Racing Commission since 2008.

#### Dr. William Farmer, Chief Racing Veterinarian

Dr. Farmer joined the KHRC as a Racing Veterinarian in 2008 and was appointed to Chief Racing Veterinarian on November 16, 2012. Dr. Farmer began his career in a multiple doctor equine hospital where he focused on equine lameness. Dr. Farmer is an active member with the American Association of Equine Practitioners and the American Veterinary Medical Association.

#### **FULL-TIME OFFICE AND FIELD STAFF**

#### Administrative Staff

Amber Hobbs, Fiscal Manager Linda Milligan, Executive Secretary Christine Thomas, Internal Policy Analyst Margi Wintz, Paralegal

#### Incentive Development Staff

Patricia Cooksey, Assistant Director and KBIF Horse Inspector Drew Conners, Administrative Assistant Angela Trosclair Cox, Program Coordinator

#### Division of Pari-mutuel Wagering

David Brown, Auditor

#### **Enforcement Staff and Forensics**

Danny Hyland, Investigator Don Kolioutas, Investigator John Asbury, Detention Barn Assistant Victor Mendoza, Detention Barn Assistant Greg Berry, Administrative Specialist

#### Licensing Staff

Karen Waugh, Assistant Director George Haydon, Racing License Administrator Betty Moran, Racing License Administrator

# Veterinary Staff

Dr. Brent Cassady, Racing Veterinarian

Dr. Emily Crow, Racing Veterinarian

Dr. Bruce Howard, Racing Veterinarian

Dr. Louis Johnson, Racing Veterinarian

Dr. Megan Romano, Racing Veterinarian

Dr. Nicholas Smith, Racing Veterinarian

Patricia Ludwig, Veterinary Technician

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# Veterinary Staff

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Dr. Emily Crow, Racing Veterinarian

Dr. Bruce Howard, Racing Veterinarian

Dr. Louis Johnson, Racing Veterinarian

Dr. Megan Romano, Racing Veterinarian

Dr. Nicholas Smith, Racing Veterinarian

Patricia Ludwig, Veterinary Technician

#### ADVISORY COMMITTEES and WORKING GROUPS

Several committees and working groups were appointed by the Governor or

Chairman Beck and met throughout 2012 and 2013 to advise Commission members on issues pertinent to the duties of the KHRC. For a list of current KHRC committees, go to <a href="http://khrc.ky.gov/Pages/committees.aspx">http://khrc.ky.gov/Pages/committees.aspx</a>.

#### Kentucky Equine Drug Research Council

Pursuant to 230.265, the Kentucky Equine Drug Research Council (EDRC) makes recommendations to the KHRC regarding equine racing medication rules and policies. The EDRC has working committees researching several industry issues.

Chair: Jerry L. Yon, of Lexington, is a physician in private practice, representing the Kentucky Horse Racing Commission.

#### Members:

- W.B. Rogers Beasley, of Lexington, is the Director of Racing for the Keeneland Association, representing licensed racing associations.
- Dr. Stuart Brown, of Versailles, is a veterinarian in private practice, representing veterinarians. Dr. Brown was appointed in October 2014.
- Dr. T. Douglas Byars, of Lexington, is a veterinarian in private practice, representing veterinarians. (until July 2014)
- Rick Hiles, of Louisville, is a Thoroughbred horse owner and trainer, representing horsemen.
- Dr. Michael Kilgore, of Lexington, is a professor at the University of Kentucky, representing pharmacologists.
- Gary Lavin, of Goshen, is a veterinarian in private practice, representing Thoroughbred breeders.
- Andrew M. Roberts, of Lexington, is a veterinarian in private practice, representing Kentucky Harness Horsemen's Association.

Damon Thayer, of Georgetown, is a state senator, representing Kentucky legislators.

Arthur B. Zubrod, of Lexington, represents the harness racing industry.

# **Necropsy Subcommittee**

This subcommittee advises the EDRC on issues relating to necropsies and has developed standard protocol for racing fatality necropsies.

Chair: Mary Scollay, D.V.M., Equine Medical Director, Kentucky Horse Racing Commission

#### Members:

Craig Carter, D.V.M., M.S., Ph.D, Veterinary epidemiologist, University of Kentucky Veterinary Diagnostic Laboratory

Laura Kennedy, D.V.M., D.A.C.V.P. Veterinary Pathologist, University of Kentucky Veterinary Diagnostic Laboratory

Cynthia Gaskill, D.V.M., Ph.D, Veterinary Toxicologist, University of Kentucky Diagnostic Laboratory

#### Safety and Welfare Committee

This committee advises the KHRC on matters pertaining to the health, safety and welfare of all human and equine participants in horse racing in Kentucky.

Chair: Elizabeth Lavin

Members:

Edward S. Bonnie

Daisy Pulito

Dr. Foster Northrop

#### **Rules Committee**

This committee reviews and makes recommendations regarding regulations governing the racing industry.

Rules Committee met on January 28, June 10, & August 27, 2014.

Members:

Edward S. Bonnie F. Thomas Conway Neil Howard Burr Travis, Jr. John Phillips

#### License Review Committee

Pursuant to 810 KAR 1:025, the License Review Committee is composed of commissioners and staff members who review license applications that require more detailed scrutiny and background research than a routine application.

License Review Committee met on June 23, 2014.

Members:

Edward S. Bonnie

Chris Clark

F. Thomas Conway

Burr Travis, Jr.

Marc A. Guilfoil

John Ward

#### Wagering Integrity Working Group

This group is charged with the responsibility of investigating wagering integrity and security issues and makes recommendations to the KHRC. This group visits race tracks to inspect tote systems and gather information from various sources relating to wagering integrity issues.

Members:

Edward S. Bonnie

Marc Guilfoil Greg Lamb Secretary Robert D. Vance (until May 2014) Rick Williams Mike Maloney John Ward

#### Kentucky Thoroughbred Development Fund Advisory Committee

This committee advises and assists the KHRC in the supplemental purse program funded by a portion of the pari-mutuel tax. The committee meets on a regular basis to approve purse schedules for each association. For additional information regarding the Kentucky Thoroughbred Development Fund (KTDF), go to <a href="http://www.khrc.ky.gov/Pages/KTDF.aspx">http://www.khrc.ky.gov/Pages/KTDF.aspx</a>

Chair: Commissioner Dr. J. David Richardson, representing the Kentucky Thoroughbred Owners and Breeders Association (KTOBA) & member of the Kentucky Horse Racing Commission.

#### Members:

- Bill Landes, representing Thoroughbred breeders (KTOBA)
- Commissioner Betsy Lavin, representing the KHRC
- Pete Salmen, representing the Kentucky Horsemen's Benevolent and Protective Association (KHBPA)
- Corey Johnsen (Kentucky Downs), representing licensed associations from January 1, 2014 through June 30, 2014; Daniel "Chip" Bach (Turfway Park) from July 1, 2014 to December 31, 2014.

This committee met March 10, May 6, June 24 & September 5, 2014.

Money from the KTDF is allocated to each licensed association in an amount equal to the amount the association contributed to the fund. This fund is used for purses and advertising. The KTDF receives an amount which is .75 percent of all wagers from Thoroughbred racetracks on live races and two percent of all wagers on simulcast races.

It is an incentive program that seeks to encourage owners to buy from Kentucky markets, to board and breed mares on Kentucky farms, to mate them with Kentucky stallions, then to race the Kentucky-foaled horses at Kentucky tracks. This program was created in 1978 and placed under the general jurisdiction of the KHRC.

A five-member advisory committee is appointed on the first of July each year to advise and assist the KHRC with this program. KTDF money supplements purses in stakes, handicap, allowance, non-claiming maiden races and allowance optional claiming races for a claiming price of not less than twenty-five thousand dollars (\$25,000) contested at licensed Thoroughbred race meetings in Kentucky. Only registered Kentucky-sired Kentucky-foaled horses are eligible to share in fund purse supplements. Funds that are reverted to the KTDF are a result of non-Kentucky bred horses placing in the designated race receiving those funds. These monies are not distributed to the owner since the horse is not eligible or KTDF registered, but returned to the association for distribution on another designated race.

2014 KTDF			
Track/Meet	Offered	Disbursed	Reverted
Ellis Park: Summer	\$1,152,000.00	\$1,083,086.30	\$68,913.70
Churchill Downs: Spring/Summer	\$1,398,700.00	\$1,187,430.67	\$211,269.33
Churchill Downs: September	\$251,900.00	\$208,411.88	\$43,488.12
Churchill Downs: Fall (November)	\$578,000.00	\$434,059.88	\$143,940.12
Keeneland: Spring	\$488,600.00	\$360,365.62	\$128,234.38
Keeneland: Fall	\$619,900.00	\$501,318.44	\$118,581.56
Kentucky Downs	\$2,395,000.00	\$1,811,022.21	\$583,977.79
Turfway Park: Holiday	\$521,000.00	\$446,106.15	\$74,893.85
Turfway Park: Winter/Spring	\$1,256,000.00	\$820,849.40	\$435,150.60
GRAND TOTAL:	\$8,661,100.00	\$6,852,650.55	\$68,913.70

#### Kentucky Thoroughbred Breeders' Incentive Fund Advisory Committee

This committee advises, assists and makes recommendations to the Commission regarding 810 KAR 1:070. The Kentucky Thoroughbred Breeders' Incentive Fund is discussed in more detail under the section of this report titled "Incentives and Development, Kentucky Thoroughbred Breeders' Incentive Fund

Chair: Commissioner Neil Howard – Breeder, Gainesway Farm & member of the Kentucky Horse Racing Commission

Members:

Headley Bell – Breeder, Mill Ridge Farm

Lori Chappell – Breeder, Three Chimneys Farm (until June 2014)

David Hager – Breeder, Idle Hour Farm (until June 2014)

Eric Hamelback, (appointed July 2014)

Wade Houston – Commissioner, Kentucky Horse Racing Commission (until June 2014)

Frank L. Jones, Jr. – Commissioner, Kentucky Horse Racing Commission

Matthew Koch – Breeder, Shawnee Place

John Phillips – Breeder, Darby Dan Farm (until June 2014)

Robert (Bobby) B. Trussell – Breeder, Walmac Farm (until June 2014)

This committee met October 10, 2014.

For additional information regarding the Thoroughbred Breeders' Incentive Fund, see the section in this report titled Incentives and Development, Kentucky Thoroughbred Breeders' Incentive Fund.

# Kentucky Standardbred Development Fund & Kentucky Standardbred Breeders' Incentive Fund Advisory Panel

This committee advises, assists and makes recommendations the Commission in the administration of the Kentucky Sire Stakes. The Kentucky Sire Stakes provides rewards for owners of Kentucky-bred Standardbred horses. The Kentucky Sire Stakes is funded through revenues for the Kentucky Standardbred Development Fund and the Kentucky Standardbred Breeders' Incentive Fund. For additional information regarding the Sires Stakes program, see the section in this report titled "Incentives and Development, Kentucky Standardbred Breeders' Incentive Fund

Chair: Commissioner Alan Leavitt, representing the KHRC Members:

Joe Costa, representing The Red Mile, host racetrack

Carter Duer, representing the Kentucky Standardbred Development Fun, registered stallion owner (appointed July 1, 2014)

Ken Jackson, representing the Kentucky Standardbred Breeders Association Bobby Stewart, representing the Kentucky Harness Horseman's Association Art Zubrod, representing a stallion owner registered to the fund

Dr. James Sautter, representing a stallion owner registered to the fund (until June 30, 2014)

# Kentucky Horse Breeders' Incentive Fund Advisory Committee

This committee advises, assists and makes recommendations to the Commission regarding the structure and operation of the Kentucky Horse Breeders' Incentive Fund (KHBIF). The Kentucky Horse Breeders' Incentive Fund is discussed in more detail under the section of this report titled "Incentives and Development, Kentucky Horse Breeders' Incentive Fund

Chair: Commissioner Edward S. Bonnie, representing the KHRC Members:

Jane Atkinson, appointed by the Commission (appointed July 1, 2014)

Edith Conyers, appointed by the Commission (until June 30, 2014)

Frank Penn, appointed by the Commission and representing the Kentucky Equine Educational Project (KEEP)

#### Race Dates Committee

This committee reviews the racetrack and simulcast facility license applications and race dates requests and makes a recommendation to the KHRC.

This committee met on September 30 and October 14, 2014.

Chair: Robert M. Beck

Members:

Edward S. Bonnie Frank L. Jones, Jr.

Elizabeth S. Lavin

Dr. Foster Northrop

J. David Richardson, M.D.

Burr Travis, Jr.

#### Race Day Medication Committee

This committee was created in 2011 to study race day medication issues and make recommendations to the KHRC.

Chair: Tracy Farmer Members: Allan Wade Houston, Sr. Elizabeth S. Lavin Alan J. Leavitt Dr. Foster Northrup

#### Kentucky Racing Health and Welfare Fund

The Kentucky Racing Health & Welfare Fund is a charitable, non-profit organization that helps certain eligible individuals in the Kentucky Thoroughbred racing industry who demonstrate need. It was founded in 1978 by an act of the Kentucky legislature. It provides funding toward the payment of medical, hospital, vision and funeral expenses for backstretch workers. It is not an insurance company and does not provide insurance benefits.

The Fund provides benefits for off-the-job injuries and illnesses which are not covered by union health and welfare plans, worker's compensation, social security, public welfare, military benefits, veterans' benefits or any other type of health, medical, dental or accident insurance. Richard Riedel is the Executive Director of the Fund.

The Health and Welfare board members met four times in 2014. For additional information, regarding the *Health and Welfare Fund*, please visit www.kyracinghealth.org.

Chair: Donald Ball
Members:
Rick Hiles, Vice-President
Dr. Randy Scheen, Treasurer
Carol Hebel, Secretary
Peter Salmen, Member, representing HBPA

The Health and Welfare Fund receives funding from un-cashed pari-mutuel tickets that are over one year old. Pursuant, to KRS 230.362, any reported pari-mutuel ticket that has not been claimed within one (1) year from the time the ticket became payable is presumed to be abandoned. Each year, any person or association holding any unclaimed tickets presumed abandoned as of July 1 of that year (in other words, any person holding on July 1 any tickets that have not, as of that date, been claimed for a year or more) is required to create a list of the tickets. The list, which records the amount of each ticket, is then submitted to the commission by September 1 of the same

year. Between November 1 and November 15, the person or association then turns over to the commission the sum represented by the tickets as reported.

# Thoroughbred Unclaimed Pari-mutuel Tickets Remitted to KY Health and Welfare Fund

2014

Racing Facility	Amount	Amount claimed	Advertising Paid	Check Received	Total to fund
Churchill Downs	\$1,036,500.49	\$663.85	\$844.68	\$1,035,836.64	\$1,034,991.96
Ellis Park	\$156,011.03	\$0.00	\$62.54	\$156,011.03	\$155,948.49
Keeneland	\$605,689.13	\$235.80	\$650.57	\$605,453.33	\$604,802.76
Kentucky Downs	\$97,779.39	\$0.00	\$300.00	\$97,779.39	\$97,479.39
KY OTB	\$43,255.93	\$0.00	\$792.56	\$43,255.93	\$42,463.37
Turfway Park	\$214,164.82	\$143.75	\$54.14	\$214,021.07	\$213,966.93
Total	\$2,153,400.79	\$1,043.40	\$2,704.49	\$2,152,357.39	\$2,149,652.90

#### County Fair Purse Fund

The Kentucky Colt Association, also known as Kentucky Fair Racing, has been in existence for several years and is considered one of the best fair circuits in the nation. Purses for Kentucky fair races are funded by Standardbred unclaimed pari-mutuel tickets and the Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund. In 2014, there were races at eight fairs throughout the Commonwealth of Kentucky. The races begin in May and end in August. There was also a fair final at the end of the eight circuits. There were separate divisions for two and three year old trotters and pacers and separate divisions for fillies and colts at each fair as well as in the finals.

Horses that are eligible for the fair races must have been nominated and owned wholly or in part by Kentucky residents. For additional information regarding the county fairs, go to <a href="http://www.kentuckycoltassociation.com/">http://www.kentuckycoltassociation.com/</a>.

# Standardbred Unclaimed Pari-mutuel Tickets Remitted to KY Colt Racing Association

2014

Racing Facility	Amount	Amount	Advertising	Check	Total to
		claimed	Paid	Received	fund
Bluegrass Players	\$32,660.97	\$0.00	\$118.80	\$32,660.97	\$32,542.17
Downs					
Hazard U-Bet	\$25,515.46	\$2,624.67	\$263.94	\$22,890.79	\$22,626.85
The Red Mile	\$18,198.43	\$20.35	\$621.44	\$18,178.08	\$17,556.64
Thunder Ridge	\$14,165.14	\$2,285.38	\$108.28	\$11,879.76	\$11,771.48
Total	\$90,540.00	\$4,930.40	\$1,112.46	\$85,609.60	\$84,497.14

#### FINANCIAL ANALYSIS

The following statement is the actual operating budget for the KHRC for the fiscal year ended June 30, 2014.

	<b>FYE 2014</b>
Balance Carry Forward	\$ 1,847,711.00
Regular Appr	\$ 2,660,000.00
Receipts	
Track Reimbursements	\$ 536,698.00
License Fees	\$ 1,447,230.00
Interest	\$ 152.00
Other	\$ 372,250.00
Total Receipts	\$ 2,356,330.00
Non-Revenue Receipts	\$ (675,500.00)
Net Current Receipts	\$ 6,188,541.00
Expenditures	
Personnel	\$ 2,798,717.00
Operating	\$ 615,510.00
Capital Outlay	\$ -
Total Expenditures	\$ 3,414,227.00
Balance	\$ 2,774,314.00

#### **DISCUSSION OF FINANCIAL ANALYSIS**

Revenue for Fiscal Year ending June 30, 2014, the KHRC began with a Carry-forward Balance of \$1,847,711. The KHRC received revenue from the following sources: Track Reimbursements, Licensing Fees and Other Revenue made up of Lasix Reimbursements, Fines, and Other Miscellaneous Sources. Total Revenue earned was \$4,204.041 plus General Fund Allotment of \$2,660,000 less non-revenue transfers of (\$675,500) resulting in Total Source of Funds \$6,188,541.

Expenditures for Fiscal Year ending June 30, 2014 were \$2,798,717 for Personnel Expenditures and \$615,510 for Operating Expenses, for Total Expenditures of \$3,414,227.

Total Fund Source \$6,188,541 less Total Expenditures of \$3,414,227 left a Carry-Forward Balance of \$2,774,314 for Fiscal Year 2015.

# DIVISION OF VETERINARY SERVICES Calendar Year 2014

The chief racing veterinarian supervises the operations of the test barn; the collection of urine and blood samples for testing; preparation and documentation of the biologic samples that are transported to the laboratory; management of retained samples; and administration of race day furosemide injections by KHRC veterinarians. The chief racing veterinarian also oversees all regulatory veterinary activities associated with live racing—pre-race examinations; race-day furosemide administrations; on-track monitoring of horse health and soundness; triage of racing injuries; management of the veterinarians' list of horses determined to be ineligible to race for veterinary medical reasons; record keeping; personnel performance; and staff scheduling.

The KHRC official veterinarians examine all in-today horses for soundness and racing fitness to ensure the health and safety of every horse, jockey and driver. On race day, each Thoroughbred is evaluated by KHRC veterinarians in the morning at the pre-race exam, while in the saddling paddock, and during the pre-race warm-up. The pre-race exam includes an in-stall, hands-on evaluation followed by observation of the horse in motion outside of its stall. Standardbred horses are evaluated during the warm-up trips. Records of Thoroughbred exams are permanently stored in a central server, managed by InCompass, which has shared access by racing regulatory veterinarians in multiple jurisdictions. This allows veterinarians to monitor a horse's condition over time despite its having raced at different tracks or in other states.

KHRC veterinarians are present in the paddock, at the starting gate, in the horse ambulance, and in the Test Barn during live Thoroughbred racing in Kentucky. For Standardbred racing, the KHRC veterinarian attends the Test Barn and either observes races via live racetrack video feed or is present trackside for each race.

If a horse sustains an injury or demonstrates signs of unsoundness at any time prior to the start of the race, the KHRC veterinarian examine the horse and, where warranted, recommend to the chief state steward or presiding judge that the injured horse be scratched from participating in the race for the protection and safety of all participants. KHRC veterinarians enter data relevant to KHRC initiated scratches, and race-related accidents, injuries, or medical conditions of Thoroughbreds into the Jockey Club Equine Injury Database.

All horses that die or are euthanized as a result of a condition sustained during the running of a race are submitted for necropsy to the University of Kentucky, Veterinary Diagnostic Laboratory (VDL). The KHRC may require necropsy of any horse that dies or is euthanized at a facility under the jurisdiction of the KHRC. For musculoskeletal injuries resulting in a fatality, a specialized racing necropsy group

at the UK-VDL, performs an in depth evaluation (including radiography) of the injured limb, and its uninjured counterpart.

KHRC veterinarians or licensed veterinary technicians perform blood sampling associated with post-race testing or pre-race TCO2 analysis. KHRC Test Barn technicians are responsible for the collection of post-race equine urine samples to be sent to the KHRC official laboratory for analysis. The ability to collect paired (blood and urine) samples from each horse subjected to post race testing insures that the full scope of instrumental analysis—testing for more than 1,500 substances—can be applied to every horse. All post-race samples undergo testing that exceeds the requirements of the Thoroughbred Owners and Breeders Association (TOBA) Graded Stakes Committee.

Horses working under the observation of a KHRC veterinarian for release from the veterinarian's list—having been previously declared to be unfit for competition due to injury or unsoundness—are subjected to post-work blood sampling to ensure that a horse's medication status does not obscure accurate assessment of its suitability for return to racing.

The KHRC continues to implement out-of-competition testing for the detection of blood doping agents and other prohibited substances. This testing is applied across all breeds and classes of racing. For specific, targeted events, such as the Kentucky Derby and Oaks, out-of-competition sampling is performed in other states and countries by other racing regulatory authorities on behalf of the KHRC. All out of competition test results have been negative since the inception of testing in 2010.

In Thoroughbred racing, the winning horse and a minimum of one other horse are selected by the stewards to be submitted to post-race blood and urine collection. In Standardbred racing, all winners are tested. In both Thoroughbred and Standardbred racing, additional horses are tested at the discretion of the Stewards or Judges. For Graded Stakes and races with purses  $\geq \$100,000$ , four or more horses are sampled.

TCO2 testing, to detect the total amount of carbon dioxide in the blood, is conducted on samples collected pre-race. Horses in overnight races are identified for sampling on a random basis. All horses entered in Graded Stakes are subjected to pre-race TCO<sub>2</sub> testing. This testing is intended to identify horses having been administered an alkalinizing substance that, by neutralizing the buildup of lactic acid in the athlete, delays the onset of fatigue and thus enhances performance. For Thoroughbred racing, TCO2 testing is performed at the KHRC's official laboratory, LGC Sport Group (formerly HFL Sport Science), on a post-race basis and within 120 hours of sampling. For Standardbred racing, TCO2 sampling and analysis is performed on site by the KHRC veterinarian or licensed veterinary technician and

analysis is completed prior to post time for the race in which the sampled horse is entered.

LGC Sport Group is the official laboratory of the KHRC. The laboratory is ISO 17025 accredited, and was awarded accreditation by the Racing Medication and Testing Consortium (RMTC) in 2013. In 2014, inclusive of post-race testing, prerace TCO<sub>2</sub> testing, out-of-competition testing, and post work testing, \$645,679.50 was spent on drug testing for horse racing in Kentucky.

The only permissible injection to be administered to a horse on race day is furosemide. KHRC veterinarians perform the administrations to furosemide-eligible horses between 4 ½ and 4 hours to their scheduled post time. The fee for KHRC race day furosemide administration is \$20. This fee is comparable to that historically charged by private practicing veterinarians for the same service. In 2014, KHRC veterinarians performed 13,340 administrations of race day furosemide in accordance with 810 KAR 1:018.

The KHRC Uniform Drug and Medication Penalty Classification Schedule was developed in consideration of 1) a substance's RCI Classification; 2) the presence or absence of a legitimate therapeutic use for the substance; 3) FDA approval for use in the equine or other species; and 4) other pertinent factors given the substance and matters concerning Kentucky racing.

2014: All breeds, 3,682 post race tests performed

#### Findings Distribution by KHRC Penalty Classification

Class	Number of Findings Reported	Percent of Post-race Tests Performed
Α	2	.05%
В	9	.24%
С	27	.73%
D	3	.08%
Other	22	.6%
Total	63	1.71%

#### 2014 REPORTS OF FINDING

Substance	Frequency /Breed	KHRC Penalty Classification	RCI Classification
Methamphetamine	1 TB	Α	1
Lamotrigine	1 STD	Α	3
2-OH ethyl promazine sulfoxide	1 TB	В	3
Atenolol	1 STD	В	3
Caffeine	1 STD	В	2
Clenbuterol	1 TB / 1STD	В	3
Minoxidil	1 TB	В	3
TCO2	1 TB	В	NA
Testosterone	1 STD	В	3
Xylazine	1 TB	В	3
Ambroxol	1 STD	С	4
Carbazochrome	1 STD	С	4
Dexamethasone	18 TB / 1 STD	С	4
Hydrocortisone succinate	1 STD	С	4
Methocarbamol	2 TB / 1 STD	С	4
Naproxen	2 TB	С	4
Omeprazole	3 TB	D	5
Flunixin	5 TB / 6 STD	NSAID	4
PBZ	1 TB	NSAID	4
NSAID > 1°; NSAID > 2°			
threshold	2 TB	NSAID	NA
PBZ >2<5 mcg/ml	6 TB	NSAID	NA
2 NSAIDS > 2° threshold	2 TB	NSAID	NA

#### DIVISION OF SECURITY AND ENFORCEMENT

The primary duty of the Division of Security and Enforcement is to investigate and detect any violations of the laws and rules as they pertain to Thoroughbred and Standardbred racing. The Enforcement Division is made up of a director of enforcement and two investigators.

The Enforcement Division conducts investigational interviews with applicants who indicate on their license application that they have a criminal record and/or conviction for a public offense or a suspension of, or revocation of a license for any racing related infraction.

The division utilizes records and information from the ARCI, Thoroughbred Racing Protective Bureau (TRPB), United States Trotting Association (USTA), Standardbred Canada, and the KHRC licensing database. The division also communicates with security and enforcement divisions in other jurisdictions, federal, state, and local law enforcement and the court systems to gain information for criminal background checks and the suitability for licensure in Kentucky.

Alleged or actual criminal offenses are investigated, including human drug violations, assault on association grounds, burglary, theft, forgery and disorderly conduct. The division will provide assistance to law enforcement to complete criminal investigations. Investigations are also conducted regarding a vast array of other potential violations, such as hidden ownership, claims violations and pari-mutuel concerns. Barn and vehicle searches are conducted as necessary, as well as random visits to off track wagering facilities and training centers. The KHRC enforcement division works in cooperation with various agencies of law enforcement in multiple jurisdictions, including local police, county sheriffs, state authorities and federal organizations, along with racing investigators from other jurisdictions.

The KHRC enforcement division performs breathalyzer alcohol testing and drug screening of jockeys and various other racing officials on a random basis. Investigators perform drug testing on individuals at the order of the Stewards. The collection of syringes and other potential evidence performed by the division is completed in accordance with police procedures and accurate chain of custody. The division also responds to complaints received from the KHRC Integrity hotline, which is posted on the KHRC web site, as well as posters at all licensed facilities including the OTB's.

# **RACING SUPERVISION - STEWARDS and JUDGES**

The stewards and judges exercise immediate supervision, control and regulation of live racing at each licensed race meeting on behalf of the Kentucky Horse Racing Commission. The powers of the stewards include authority over all horses and all persons, licensed or unlicensed, on association grounds during each race meeting as to all matters relating to racing. The stewards conduct hearings and issue determinations of all questions, disputes, protests, complaints or objections concerning racing which arise during a race meeting and are responsible for issuing decisions or rulings pertaining to racing which shall supersede orders of the officers, directors, and officials of the association. In Standardbred racing, the judges also serve as placing judges.

As a matter of course, Kentucky stewards review the films of each race from three different camera angles before the results are posted "official." The chief state steward, associate steward and the presiding and associate judge are employees of the KHRC. The other steward and judges are employees of each racing association. For additional information regarding Thoroughbred, Standardbred and Quarter Horse stewards and judges rulings, go to: http://khrc.ky.gov/racing/rulings.htm.

#### **DIVISION of LICENSING**

Kentucky state law requires all persons wishing to participate at Kentucky racetracks and facilities under the jurisdiction of the KHRC to be licensed by the KHRC. The KHRC may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by the license are consistent with the best interest of the honesty, integrity, and high quality of Kentucky racing. A license is valid for the calendar year in which it is issued (i.e. – all licenses expire on December 31) unless suspended or revoked under administrative regulations promulgated by the Commission.

The Licensing Division maintains a central office located at the Kentucky Horse Park in Lexington and is present on all association grounds prior to and during the opening of live race meetings in order to process license applications and collect fees.

For additional information regarding the licensing process related to participation in horse racing in Kentucky, see the Commission's website at <a href="http://khrc.ky.gov">http://khrc.ky.gov</a>. Also, applications for licensure may be downloaded from the KHRC web site at <a href="http://khrc.ky.gov">http://khrc.ky.gov</a>.

# Commission

# Licenses Issued

#### 2014 Number of Licenses Issued

Chief State Steward	1	\$0.00
Chief State Veterinarian	1	\$0.00
Deputy Exective Director	1	\$0.00
Deputy General Counsel	1	\$0.00
Director of Enforcement	1	\$0.00
Director of Pari-Mutuels	1	\$0.00
Director of Racing	1	\$0.00
Executive Director	1	\$0.00
Fiscal Manager	1	\$0.00
General Counsel	1	\$0.00
KHRC	16	\$0.00
KHRC Commissioner	5	\$0.00
KHRC Employee	42	\$0.00
Medical Director	1	\$0.00
State Veterinarian	14	\$0.00

# Thoroughbred

# Licenses Issued

#### 2014 Number of Licenses Issued

License Type

License Type		
Association Employee	1,836	\$45,575.00
Assistant Trainer	244	\$36,600.00
Authorized Agent	154	\$3,850.00
Claiming	9	\$1,350.00
Dental Technician	17	\$1,650.00
Equine Therapist	18	\$900.00
Exercise Rider	532	\$5,320.00
Farm Mgr/Agent	52	\$2,600.00
Farrier	71	\$7,100.00
Jockey	180	\$27,000.00
Jockey Agent	48	\$7,200.00
Jockey Apprentice	12	\$1,300.00
Mutuel	687	\$34,250.00
Occupational	720	\$17,975.00
Owner	4,679	\$700,525.00
Owner - Conversion	93	\$0.00
Owner/trainer	948	\$142,200.00
Racing Official	140	\$14,000.00
Special Event	868	\$8,680.00

Special Mutuel	2	\$20.00
Special Occupational	2	\$20.00
Stable Employee	3,010	\$30,080.00
Steeplechase Jockey	0	\$0.00
Temporary Owner	148	\$22,200.00
Trainer	180	\$27,000.00
Vendor	47	\$2,350.00
Vendor Employee	1,129	\$28,150.00
Veterinarian Assistant	27	\$1,350.00
Veterinarian	100	\$15,000.00
Veterinary Tech.	2	\$100.00
Total	15,955	\$ 1,184,345.00

# Standardbred

# Licenses Issued

2014 Number of

License Type	Licenses Issued	\$
Association Employee	40	\$1,000.00
Dental Tech	1	\$100.00
Driver	35	\$4,375.00
Farrier	44	\$5,500.00
Driver/Trainer	1	\$100.00
Mutuel Clerk	24	\$1,200.00
Occupational Employee	2	\$50.00
Owner	710	\$88,250.00
Owner/Driver	16	\$2,000.00
Owner/Trainer	98	\$12,250.00
Owner/Trainer/Driver	144	\$18,000.00
Racing Official	10	\$1,000.00
Stable Employee	335	\$1,675.00
Trainer	37	\$4,625.00
Vendor	2	\$100.00
Vendor Employee	7	\$175.00
Veterinarian	1	\$50.00
Veterinary Assistant	1	\$50.00
Veterinary Tech	12	\$1,500.00
Total	1,520	\$142,000.00

# Quarter Horse

# Licenses Issued

#### 2014 Number of

License Type	Licenses Issued	\$
Assistant Trainer	1	\$35.00
Jockey	1	\$35.00
Owner	8	\$280.00
Owner/Trainer	1	\$70.00
Stable Employee	5	\$25.00
Ttrainer	5	\$175.00
Total	21	\$620.00

#### Division of Incentives and Development

The Kentucky Breeders' Incentive Fund was established in 2005. Included in the plan were tax incentives to ensure the strength and growth of the various breeds of the horse industry. The Breeders' Incentive Funds are financed through the six-percent sales tax paid for breeding a stallion to a mare in Kentucky together with any other money contributed, appropriated or allocated to the fund from all other sources. The majority of the tax collected on stud fees is contributed based on the tax from Thoroughbred stud fees.

#### Kentucky Thoroughbred Breeders' Incentive Fund (KTBIF)

The Kentucky Thoroughbred Breeders' Incentive Fund is financed through eighty percent of the receipts collected from the sales and use tax on stud fees. The money deposited in the Kentucky Thoroughbred Breeders' Incentive Fund is used to administer the fund and provide awards for breeders of horses bred and foaled in Kentucky.

To qualify for the program, the mare must have been covered by a Kentucky stallion registered with the KTDF and the mare must remain in Kentucky from the time of first cover until foaling. Foals born in 2006 and prior years were grandfathered into the KTBIF program if the foal was eligible for the KTDF.

In 2014, the KTBIF offered four registration periods and the majority of the registrations are completed during the cover-year. From January 1 – August 15 of the cover year, the intended breeder of record was required to register the unborn foal with the KHRC and pay a filing fee of \$60 or from August 16 – December 31 the cost was \$150 to register the unborn foal. Additionally, there were the following late application periods, from January 1 through December 31, foals of 2014 could register for \$750 and from January 1 to December 31, yearlings could register for \$1,500.

2014				
Type of Nominations:	Number of Nominations:	Fee:	Revenue:	
On or prior to Aug 15th of the cover year:	8,680	\$60	\$520,800	
Aug 16th to Dec 31st of the cover year:	218	\$150	\$32,700	
Jan 1st to Dec 31st of the foaling year:	30	\$750	\$22,500	
Jan 1st to Dec 31st of the yearling year:	4	\$1,500	\$6,000	
TOTAL:	8,220		\$582,000	

The Thoroughbred Breeders' Incentive Fund paid awards to registered Kentuckybred winners of horses racing in the USA and at Woodbine racetrack in Maiden Special Weight (MSW), Allowance (ALW), Stakes Races and Grade I, II, and III. Awards are also paid in Group I, II and III races in Canada, England, Ireland and France and Group 1 races on Dubai World Cup Day, Hong Kong International Day and Japan Cup Day.

In 2014, Kentucky-bred horses won 4,027 races that qualified for incentives totaling \$10,303,941 to 1,445 Kentucky breeders for an average award of \$2,559 per race. For additional information regarding the Kentucky Thoroughbred Breeders' Incentive Fund, please visit: <a href="http://khrc.ky.gov/Pages/KBIF.aspx">http://khrc.ky.gov/Pages/KBIF.aspx</a>.

KBIF THOROUGHBRED STATISTICS: 2014		
TOTAL MONEY AWARDED	\$10,303,941	
Total awarded to races held inside KY	\$1,821,032	
Total awarded to races held outside KY	\$8,482,909	
Total races awarded	4,027	
Average award per race	\$2,559	

STATISTICS RELATED TO ELIGIBLE RA	CES IN KENTUCKY: 2014
Total number of races paid in KY	578
Average award for races won in KY	\$3,151
ALW, MSW Races inside KY	
Average award per race	\$2,505
Total number of races	485
KY Stakes Races (non-graded)	
Average award per race	\$3,837
Total number of races	27
KY Grade II & III Stakes Races	
Award per race	\$5,000
Total number of races	34
KY Grade I Stakes Races	
Award per race	\$7,500
Total number of races	11
Kentucky Derby	N/A
Kentucky Oaks	\$50,000
KY Claiming Component	
Total dollars awarded	\$200,000
Total number of awards	20

STATISTICS RELATED TO ELIGIBLE RACES HELD OUTSIDE KENTUCKY BUT IN THE US: 2014		
Total number of races paid outside KY but in the US	3,348	
Average award for races won outside KY but in the US	\$2,427	
ALW, MSW Races outside KY but in the US		
Average award per race	\$2,030	
Total number of races	2,780	
Stakes Races (non-graded) outside KY but in the US		
Average award per race	\$2,427	
Total number of races	344	
Gr. I Stakes outside KY but in the US		
Award per race	\$7,500	
Total number of races	61	
Gr. II, III Stakes outside KY but in the US		
Award per race	\$5,000	
Total number of races	163	

STATISTICS RELATED TO ELIGIBLE RACES IN CANADA, ENGLAND, FRANCE & IRELAND: 2014		
International Gr. I: Canada, England, France & Ireland & Dubai World Cup Day, Hong Kong Int'l Day, Japan Cup Day		
Award per race	\$7,500	
Total number of races	1	
International Gr. II, III: Canada, England, France & Ireland		
Award per race	\$5,000	
Total number of races	21	
WOODBINE RACETRACK ONLY		
Average award for a ALW/MSW at WO	\$2,998	
Total number of races	72	
Wo Stakes races (non-graded)		
Average award per race	\$4,000	
Total number of races	7	

# Kentucky Standardbred Development Fund & Kentucky Standardbred Breeders' Incentive Fund (KSDF/KSBIF)

The Kentucky Standardbred Development Fund is financed by a portion of the parimutuel tax and the Kentucky Standardbred Breeders' Incentive Fund is financed through thirteen percent of all receipts collected from the sales and use tax on stud fees. The money deposited in the Funds is used to administer the program and provide awards for breeders or owners of Kentucky-bred Standardbred horses through the Kentucky Sire Stakes (KYSS).

In 2014, the premier event of Standardbred racing in Kentucky, the Kentucky Sire Stakes was conducted at The Red Mile showcasing the U.S. and Canada's top competitors. The KYSS distributes over \$1.6 million, contested over a total of eight races with purses of \$175,000 per division for two-and-three year-old pacers and trotters. For information regarding the Kentucky Sire Stakes program, visit <a href="http://khrc.ky.gov/Pages/KYSS.aspx">http://khrc.ky.gov/Pages/KYSS.aspx</a>.

### **Kentucky Sire Stakes Leading Money Winners 2014**

2 Year Olds	
2 Year Old Colt Pacer	Total
Bestbestraight	\$102,500.00
2 Year Old Colt Trotter	Total
Cinnabar Hall	\$104,000.00
2 Year Old Filly Pacer	Total
Cielle	\$102,500.00
2 Year Old Filly Trotter	Total
Armatrading	\$96,800.00

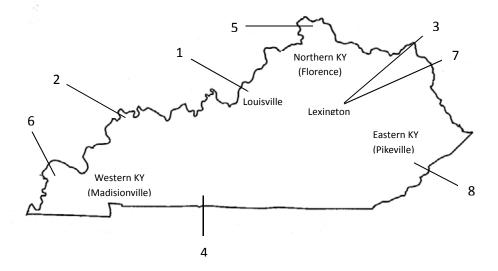
3 Year Olds	
3 Year Old Colt Pacer	Total
On Golden Ponder	\$102,500.00
3 Year Old Colt Trotter	Total
Tinder	\$102,500.00
3 Year Old Filly Pacer	Total
Somethinincredible	\$95,000.00
3 Year Old Filly Trotter	Total
Petticoat Affair	\$93,050.00

### Kentucky Horse Breeders' Incentive Fund (KHBIF)

The Kentucky Horse Breeders' Incentive Fund, often referred to as the non-race program, is financed through seven percent of the receipts collected from the sales and use tax on stud fees. The money deposited in the fund is used to administer the program and provide awards for breeders, owners & exhibitors of horses bred and foaled in Kentucky. The program operates in three-year-cycles and 2014 was the last year of Period III. Period III includes eleven breed organizations, recommended by the KHBIF advisory committee, covering the 2012, 2013 & 2014 calendar years. In 2014, the following allocations were disbursed:

	PERIOD III: 2012, 2013, 2014								
	Based on Allocation of \$866,319								
<u>2014</u>	Number	<u>%</u>	<u>\$\$</u>						
	4,087	Kentucky Appaloosa Owners Association, Inc.	3.04%	\$26,325					
	7,703	Kentucky Arabian & Half Arabian Breeders Alliance	5.73%	\$49,617					
	5,898	Kentucky Miniature Horse Breeders Club	4.39%	\$37,990					
	16,600	Kentucky Mountain Saddle Horse Association of KY	12.34%	\$106,924					
	10,149	Kentucky Paint Horse Club	7.55%	\$65,372					
	36,741	Kentucky Quarter Horse Association	27.32%	\$236,657					
	6,383	Rocky Mountain Horse Association	4.75%	\$41,114					
	10,893	Kentucky Saddlebred Owners and Breeders Association	8.10%	\$70,164					
	1,361	South Central Hackney Association	1.01%	\$8,767					
	34,681	Kentucky Walking Horse Breeders Incentive Fund	25.79%	\$223,388					
TOTAL:	134,496		100.00%	\$866,319					

#### Kentucky Licensed Racing and Simulcast Facilities



- 1. Churchill Downs
  700 Central Ave.
  Louisville, KY 40208
  (502) 636-4400
  www.churchilldowns.com
- 2. Ellis Park 3300 US Highway 41 North Henderson, KY 42420 (800) 333-8110 www.ellisparkracing.com
- 3. Keeneland Association 4201 Versailles Rd. Lexington, KY 40510 (859) 254-3412 www.keeneland.com
- 4. Kentucky Downs 5629 Nashville Rd. Franklin, KY 42134 (270) 586-7778 www.kentuckydowns.com

- 5. Turfway Park 7500 Turfway Rd. Florence, KY 41042 (859) 371-0200 www.turfway.com
- 6. Players Bluegrass Downs 150 Downs Dr. Paducah, KY 42002 (270) 444-7117
- 7. The Red Mile 1200 Red Mile Rd. Lexington, KY 40504 (859) 255-0752 www.theredmile.com
- 8. Thunder Ridge 164 Thunder Ridge Rd. Prestonsburg, KY 41653 (606) 886-7723

### **Division of Parimutuel Wagering**

Created in 2009, KHRC's Division of Parimutuel Wagering is responsible for the oversight of processing and the accuracy of all wagering in Kentucky on live horse racing, simulcasting and Historic Horse Racing. This includes compliance auditing of Associations, Tote Companies and licensed ADW's within the Commonwealth. The section has developed a series of tests and reviews to ensure that the entities it oversees are in compliance with Commonwealth statutes and regulations.

The section created the first set of Totalizator Standards for the Commonwealth and is currently working with Gaming Laboratories International to come up with a similar set of standards for companies which process data for Historical Horse Racing. The section also works in conjunction with GLI to ensure that all updates to Historic Horse Racing software comply with current statutes.

The section works with CHRIMS to ensure that the data on live and simulcast horse racing received from the Associations is correct for taxation on handle.

The current staff is licensed as Certified Fraud Examiners.

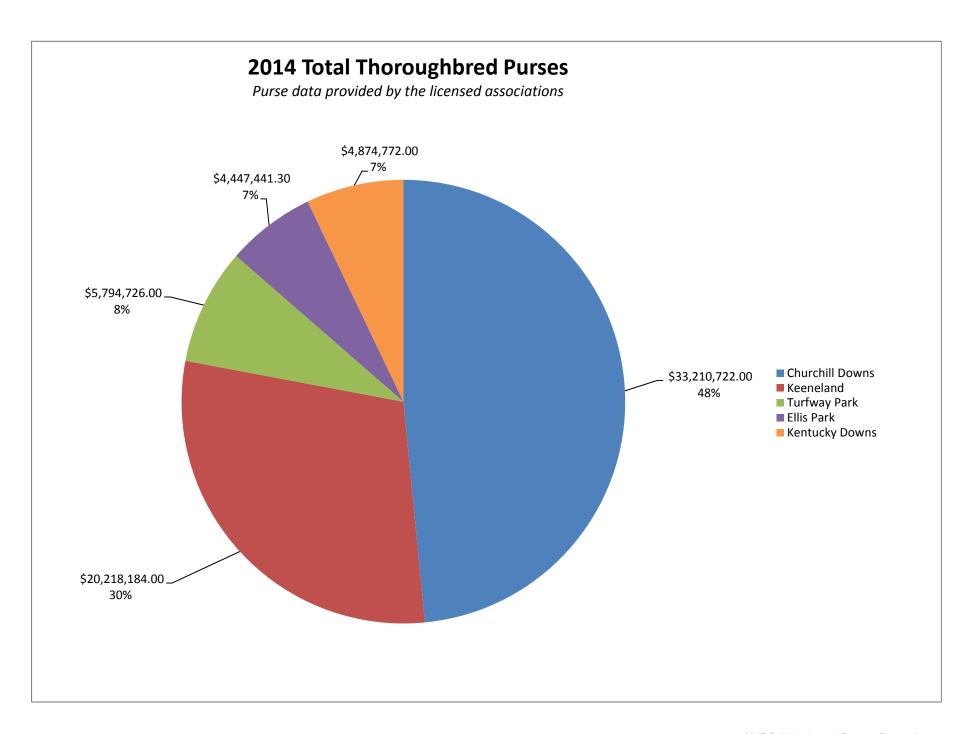
#### **2014 Total Thoroughbred Purses and Attendance**

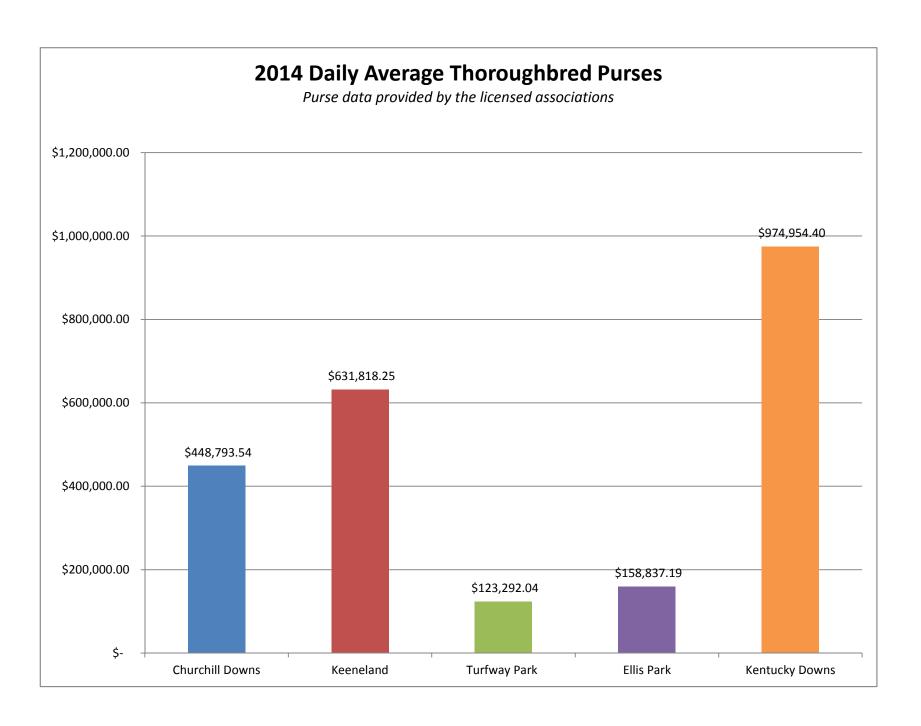
Track	Days of racing	Purses	Attendance
Churchill Downs	74	\$ 33,210,722.00	776,227
Keeneland	32	\$ 20,218,184.00	521,667
Turfway Park	47	\$ 5,794,726.00	57,213
Ellis Park	28	\$ 4,447,441.30	118,723
Kentucky Downs	5	\$ 4,874,772.00	6,640
Total	186	\$ 68,545,845.30	1,480,470

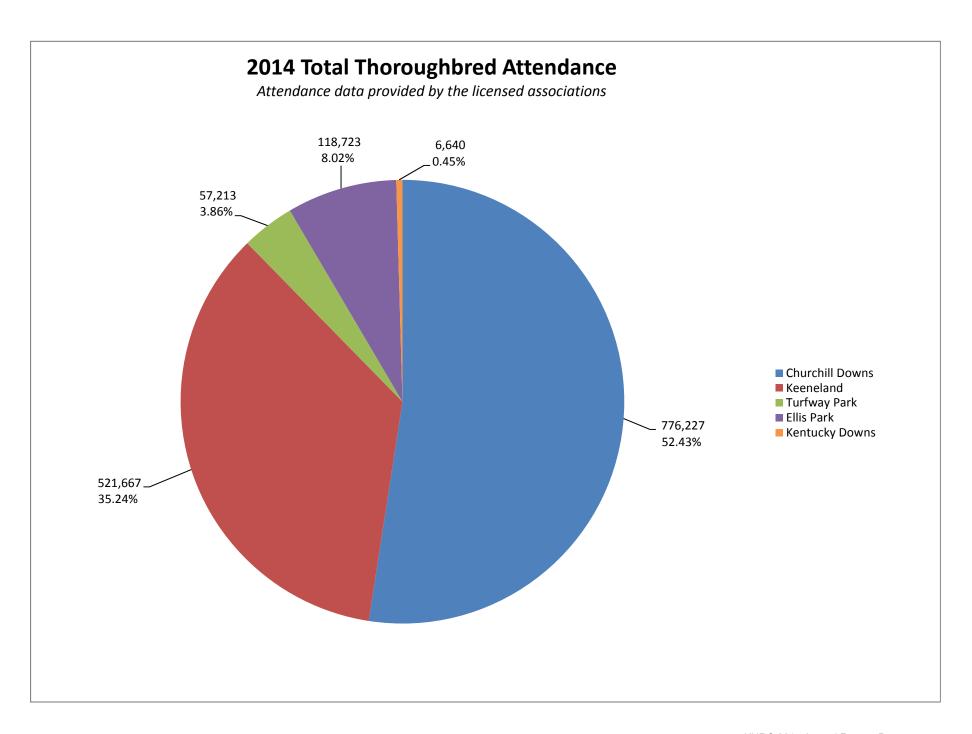
#### **Daily Averages**

Days of racing		Purses	Attendance
74	\$	448,793.54	10,490
32	\$	631,818.25	16,302
47	\$	123,292.04	1,217
28	\$	158,837.19	4,240
5	\$	974,954.40	1,328
	74 32 47 28	74 \$ 32 \$ 47 \$ 28 \$	74 \$ 448,793.54 32 \$ 631,818.25 47 \$ 123,292.04 28 \$ 158,837.19

Note: Thoroughbred Purse and Attendance data provided by the licensed associations.







### 2014 Total Thoroughbred Handle Summary

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total All Sources Handle
Churchill Downs	74	\$68,952,370.00	\$432,324,740.00	\$501,277,110.00
Keeneland	32	\$36,557,476.00	\$224,320,867.00	\$260,878,343.00
Turfway Park	47	\$4,729,208.00	\$73,689,147.00	\$78,418,355.00
Ellis Park	28	\$4,402,977.00	\$28,071,943.00	\$32,474,920.00
Kentucky Downs	5	\$744,543.00	\$15,136,212.50	\$15,880,755.50
Total	186	\$ 115,386,574.00	\$ 773,542,909.50	\$ 888,929,483.50

### **Daily Averages**

Track	Days of racing		Live, On-track Handle		Off-Track Handle		Total All Sources Handle	
Churchill Downs	74	\$	931,788.78	\$	5,842,226.22	\$	6,774,015.00	
Keeneland	32	\$	1,142,421.13	\$	7,010,027.09	\$	8,152,448.22	
Turfway Park	47	\$	100,621.45	\$	1,567,854.19	\$	1,668,475.64	
Ellis Park	28	\$	157,249.18	\$	1,002,569.39	\$	1,159,818.57	
Kentucky Downs	5	\$	148,908.60	\$	3,027,242.50	\$	3,176,151.10	

Note: Wagering data provided by the licensed associations and CHRIMS.

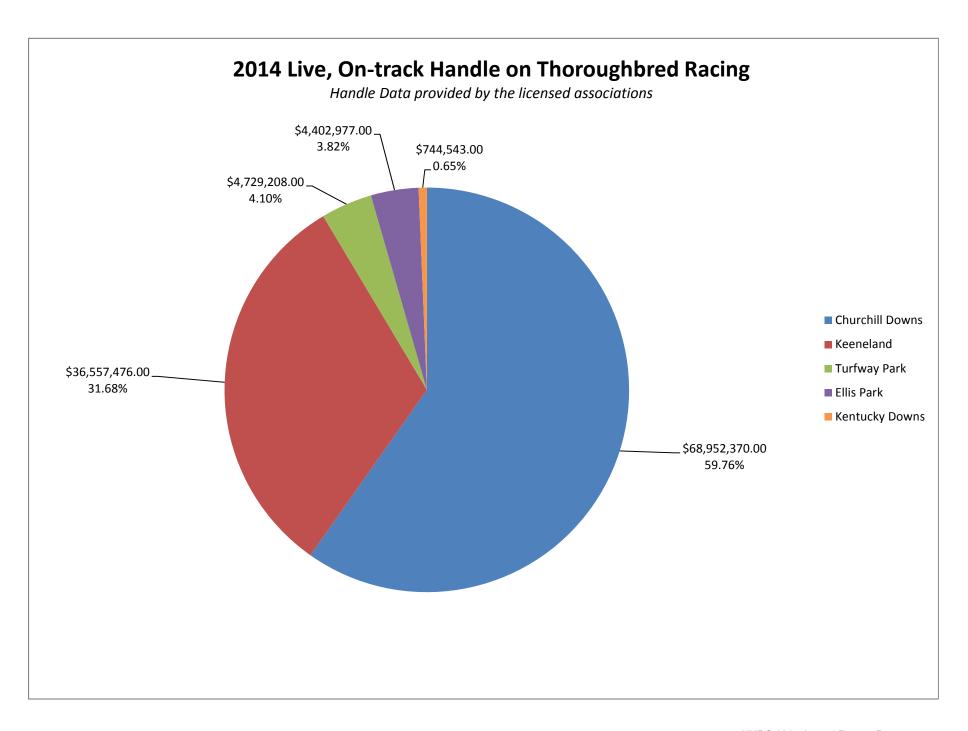
#### 2014 Total Wagers on Kentucky Tracks and Out of State Signals

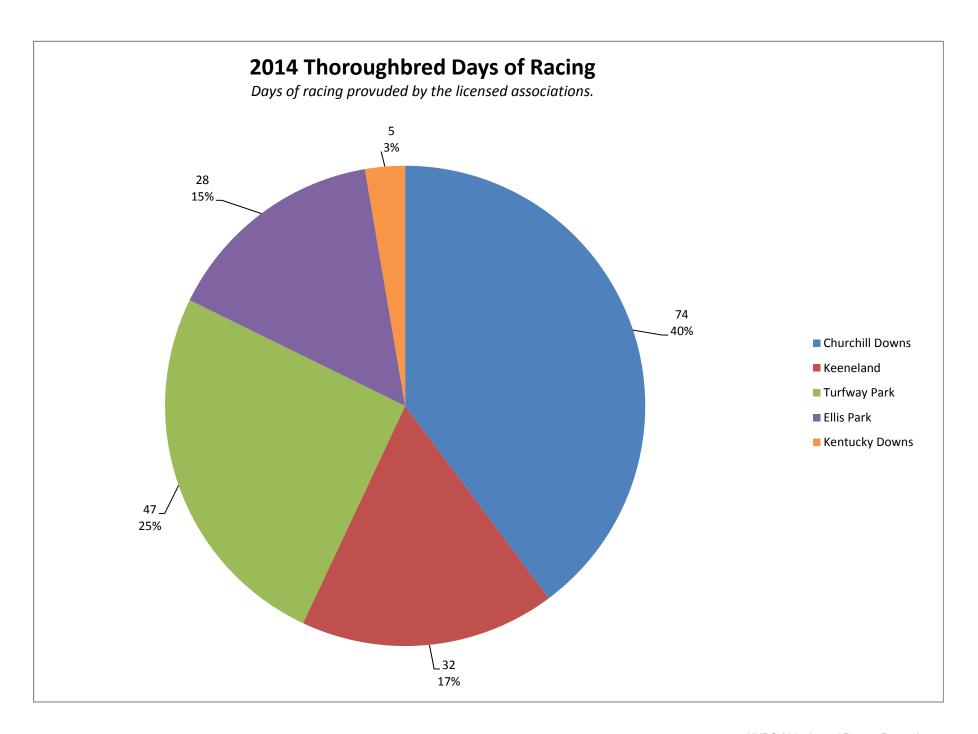
		T	horoughbred			Standardbred		Out of State	
Track	Churchill Downs	Keeneland	Turfway Park	Ellis Park	Kentucky Downs	Red Mile	Bluegrass Downs	Thunder Ridge	Full Card
Churchill Downs	\$68,952,365.00	\$3,200,813.00	\$1,032,187.00	\$762,077.00	\$276,966.00	\$27,388.00			\$38,342,161.00
Keeneland	\$6,687,420.00	\$36,557,475.00	\$856,149.00	\$542,541.00	\$248,568.00				\$37,493,735.00
Turfway Park	\$3,041,030.00	\$1,712,096.00	\$4,729,208.00	\$295,381.00	\$114,346.00	\$110,489.00			\$27,291,108.00
Ellis Park	\$2,032,649.00	\$788,337.00	\$389,736.00	\$4,402,977.00	\$76,119.00	\$29,547.00			\$18,729,132.00
Kentucky Downs	\$1,125,669.00	\$514,004.00	\$193,623.00	\$126,997.00	\$744,544.00	\$10,104.00			\$12,961,878.00
Total	\$81,839,133.00	\$42,772,725.00	\$7,200,903.00	\$6,129,973.00	\$1,460,543.00	\$177,528.00	\$0.00	\$0.00	\$134,818,014.00

#### SUMMARY

Track	Thoroughbred	Standardbred	Out of State	Total
				<b></b>
Churchill Downs	\$74,224,408.00	\$27,388.00	\$38,342,161.00	\$112,593,957.00
Keeneland	\$44,892,153.00	\$0.00	\$37,493,735.00	\$82,385,888.00
Turfway Park	\$9,892,061.00	\$110,489.00	\$27,291,108.00	\$37,293,658.00
Ellis Park	\$7,689,818.00	\$29,547.00	\$18,729,132.00	\$26,448,497.00
Kentucky Downs	\$2,704,837.00	\$10,104.00	\$12,961,878.00	\$15,676,819.00
Total	\$139,403,277.00	\$177,528.00	\$134,818,014.00	\$274,398,819.00

Note: Wagering data provided by the licensed associations and CHRIMS.





# Churchill Downs, Inc.

Contact information: Churchill Downs, Inc. Kevin Flannery, President 700 Central Avenue Louisville, KY 40208 (502) 636-4400

For additional information regarding Churchill Downs, go to <a href="http://www.churchilldowns.com">http://www.churchilldowns.com</a>.

2014 Takeout Rates:

Win, Place, and Show: 17.5% Exotics: 22%

Breakdown of Purses:

Association Purses	\$ 29,170,880.00
KTDF Purses	\$ 1,829,917.00
Horseman's Fees	\$ 2,209,925.00

Total Purses \$ 33,210,722.00

#### **Churchill Downs**

On-track wagering on live product Wagering data provided by the licensed associations

Type Bet	Spring Meet	September Meet	Fall Meet	TOTAL
Win	\$15,309,856	\$1,116,633	\$2,156,558	\$18,583,047
Place	\$6,424,291	\$472,544	\$981,702	\$7,878,537
Show	\$5,899,516	\$333,165	\$777,136	\$7,009,817
Total Win, Place and Show wagers	\$27,633,663	\$1,922,342	\$3,915,396	\$33,471,401
Double	\$1,244,673	\$126,014	\$267,795	\$1,638,482
Exacta	\$11,686,096	\$956,108	\$2,122,612	\$14,764,816
Trifecta	\$8,978,751	\$683,287	\$1,467,334	\$11,129,372
Superfecta	\$3,615,132	\$226,049	\$514,051	\$4,355,232
Exact-5	\$65,866	\$9,014	\$19,641	\$94,521
Pick 3	\$1,283,484	\$124,116	\$270,772	\$1,678,372
Pick 4	\$890,018	\$95,611	\$192,566	\$1,178,195
Pick 5	\$301,642	\$25,253	\$48,047	\$374,942
Pick 6	\$238,828	\$11,857	\$16,352	\$267,037
Total Exotic wagers	\$28,304,490	\$2,257,309	\$4,919,170	\$35,480,969
Total Wagers	\$55,938,153	\$ <u>4,179,651</u>	\$8,834,566	\$68,952,370

Churchill Downs
Total All Sources on live product
Wagering data provided by the licensed associations

Type Bet	Spring Meet	September Meet	Fall Meet	TOTAL
Win	\$87,695,425	\$8,608,152	\$20,398,650	\$116,702,227
Pface	\$29,832,795	\$2,995,718	\$7,227,583	\$40,056,096
Show	\$22,835,913	\$1,655,591	\$3,978,917	\$28,470,421
Total Win, Place and Show wagers	\$140,364,133	\$13,259,461	\$31,605,150	\$185,228,744
Double	\$11,792,191	\$1,444,617	\$3,421,893	\$16,658,701
Exacta	\$80,729,363	\$9,190,363	\$23,606,958	\$113,526,684
Trifecta	\$70,746,044	\$6,803,389	\$17,194,030	\$94,743,463
Superfecta	\$29,960,062	\$3,911,846	\$9,855,884	\$43,727,792
Super Hi 5	\$959,077	\$110,986	\$517,055	\$1,587,118
Pick 3	\$13,334,283	\$1,541,282	\$3,695,817	\$18,571,382
Pick 4	\$13,457,176	\$1,941,569	\$4,123,643	\$19,522,388
Pick 5	\$3,934,490	\$491,807	\$1,025,882	\$5,452,179
Pick 6	\$1,961,256	\$116,109	\$181,294	\$2,258,659
Total Exotic wagers	\$226,873,942	\$25,551,968	\$63,622,456	\$316,048,366
Total Wagers	\$367,238,075	\$38,811,429	\$95,227,606	\$501,277,110

### Ellis Park

Contact information: Ron Geary, Owner and President 3300 U.S. Highway 41 North Henderson, KY 42420 (812) 425-1456 Fax (812) 425-0353

For additional information regarding Ellis Park, go to www.ellisparkracing.com.

2014 Takeout Rates:

Win, Place, and Show: 17.5% Exotics: 22%

Breakdown of Purses:

 Association Purses
 \$3,343,055.00

 KTDF Purses
 \$1,083,086.30

 Horseman's Fees
 \$21,300.00

Total Purses \$4,447,441.30

Ellis Park
On-track wagering on live product
Wagering data provided by the licensed association.

Type Bet	Summer Meet	TOTAL
Win	\$1,295,756	\$1,295,756
Place	\$564,884	\$564,884
Show	\$423,738	\$423,738
Total Win, Place and Show wagers	\$2,284,378	\$2,284,378
Double	\$120,101	\$120,101
Exacta	\$792,117	\$792,117
Trifecta	\$734,867	\$734,867
Superfecta	\$245,042	\$245,042
Super Hi 5	\$6,635	\$6,635
Pick 3	\$131,810	\$131,810
Pick 4	\$69,720	\$69,720
Pick 5	\$12,861	\$12,861
Pick 6	\$5,446	\$5,446
Total Exotic wagers	\$2,118,599	\$2,118,599
Total Wagers	\$4,402,977	\$4,402,977

Ellis Park
Total All Sources on live product
Wagering data provided by the licensed associations

Type Bet	Summer Meet	TOTAL
Win	\$7,785,297	\$7,785,297
Place	\$2,586,451	\$2,586,451
Show	\$1,426,850	\$1,426,850
Total Win, Place and Show wagers	\$11,798,598	\$11,798,598
Double	\$534,052	\$534,052
Exacta	\$8,241,874	\$8,241,874
Trifecta	\$6,754,769	\$6,754,769
Superfecta	\$3,336,626	\$3,336,626
Super Hi 5	\$89,095	\$89,095
Pick 3	\$919,116	\$919,116
Pick 4	\$631,910	\$631,910
Pick 5	\$145,379	\$145,379
Pick 6	\$23,501	\$23,501
Total Exotic wagers	\$20,676,322	\$20,676,322
Total Wagers	\$32,474,920	\$32,474,920

## Keeneland Association, Inc.

Contact information:

Keeneland Association, Inc.
Bill Thomason, President and Chief Executive Officer
4201 Versailles Road
Lexington, KY 40510
(859) 254-3412

For additional information regarding Keeneland, go to www.keeneland.com.

2014 Takeout Rates:

Win, Place, and Show: 16% Exotics: 19%

Breakdown of Purses:

 Association Purses
 \$18,239,200.00

 KTDF Purses
 \$861,684.00

 Horseman's Fees
 \$1,117,300.00

Total Purses \$20,218,184.00

Keeneland
On-track wagering on live product
Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$4,513,574	\$4,163,694	\$8,677,268
Place	\$2,231,305	\$2,004,271	\$4,235,576
Show	\$2,090,925	\$1,948,194	\$4,039,119
Total Win, Place and Show wagers	\$8,835,804	\$8,116,159	\$16,951,963
Double	\$479,751	\$449,107	\$928,858
Exacta	\$3,925,784	\$3,644,747	\$7,570,531
Trifecta	\$2,805,489	\$2,743,842	\$5,549,331
Superfecta	\$1,365,233	\$1,291,305	\$2,656,538
Super Hi 5	\$56,471	\$43,711	\$100,182
Pick 3	\$617,488	\$574,869	\$1,192,357
Pick 4	\$543,265	\$507,734	\$1,050,999
Pick 6	\$302,357	\$254,359	\$55 <u>6,</u> 716
Total Exotic wagers	\$10,095,838	\$9,509,674	\$19,605,512
Total Magaza	£40,004,640	#47 coe poo	<b>#20 EE7 47</b> E
Total Wagers	\$18,931,642	\$17,625,833	\$36,557,475

**Keeneland**Total All Sources on live product
Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$28,555,010	\$26,392,433	\$54,947,443
Place	\$10,823,937	\$9,524,624	\$20,348,561
Show	\$6,938,316	\$6,078,395	\$13,016,711
Total Win, Place and Show wagers	\$46,317,263	\$41,995,452	\$88,312,715
Double	\$5,996,773	\$5,345,069	\$11,341,842
Exacta	\$33,508,036	\$29,353,632	\$62,861,668
Trifecta	\$21,316,237	\$19,302,987	\$40,619,224
Superfecta	\$12,592,849	\$10,786,130	\$23,378,979
Super Hi 5	\$383,477	\$265,241	\$648,718
Pick 3	\$7,287,241	\$6,323,586	\$13,610,827
Pick 4	\$7,239,608	\$6,909,047	\$14,148,655
Pick 6	\$3,391,973	\$2,563,743	\$5,955,716
Total Exotic wagers	\$91,716,194	\$80,849,435	\$172,565,629
Total Wagers	\$138,033,457	\$122,844,887	\$260,878,344

### Kentucky Downs

Contact information: Corey Johnsen P.O. Box 405 Franklin, KY 42135 (270) 586-7778

For additional information regarding Kentucky Downs, go to www.kentuckydowns.com.

2014 Takeout Rates:

Win, Place, and Show: 16% Exotics: 19%

Breakdown of Purses:

 Association Purses
 \$2,932,500.00

 KTDF Purses
 \$1,811,022.00

 Horseman's Fees
 \$131,250.00

Total Purses \$4,874,772.00

### **Kentucky Downs**

On-track wagering on live product
Wagering data provided by the licensed associations

Type Bet	Fall Meet	TOTAL
Win	\$181,368	\$181,368
Place	\$88,416	\$88,416
Show	\$63,571	\$63,571
Total Win, Place and Show wagers	\$333,355	\$333,355
Double	\$19,444	\$19,444
Exacta	\$151,754	\$151,754
Trifecta	\$120,270	\$120,270
Superfecta	\$70,818	\$70,818
Pick 3	\$27,017	\$27,017
Pick 4	\$15,014	\$15,014
Pick 5	\$6,045	\$6,045
Pick 6	\$0	\$0
High 5	\$827	\$827
Total Exotic wagers	\$411,189	\$411,189
Total Wagers	\$744,5 <u>44</u>	\$744,544

**Kentucky Downs** 

Total All Sources on live product
Wagering data provided by the licensed associations and CHRIMS

Type Bet	Fall Meet	TOTAL
Win	\$3,418,311.00	\$3,418,311.00
Place	\$1,293,385.00	\$1,293,385.00
Show	\$716,347.00	\$716,347.00
Total Win, Place and Show wagers	\$5,428,043.00	\$5,428,043.00
Double	\$604 124 00	\$604,124.00
Double	\$604,124.00	\$3,881,565.00
Exacta	\$3,881,565.00	· ·
Trifecta	\$2,503,946.00	\$2,503,946.00
Superfecta	\$1,707,237.00	\$1,707,237.00
Pick 3	\$758,868.00	\$758,868.00
Pick 4	\$705,207.00	\$705,207.00
Pick 5	\$265,080.00	\$265,080.00
Pick 6		\$0.00
High 5	\$26,685.00	\$26,685.00
Total Exotic wagers	\$10,452,712.00	\$10,452,712.00
Total Wagers	\$15,880,755.00	\$15,880,755.00

## **Turfway Park**

Contact information: **Turfway Park** Chip Bach, General Manager 7500 Turfway Road Florence, KY 41042 (859) 371-0200 or (800) 733-0200

For additional information regarding Turfway Park, go to www.turfway.com.

2014 Takeout Rates:

Win, Place, and Show: 17.5% **Exotics:** 

22%

Pick 4:

14%

Breakdown of Purses:

**Association Purses** \$4,396,920.00 **KTDF Purses** \$1,266,956.00 Horseman's Fees \$130,850.00

**Total Purses** \$5,794,726.00

Turfway Park
On-track wagering on live product
Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	Winter Meet	TOTAL
Win	\$879,577		\$335,073	\$1,214,650
Place	\$382,725		\$145,710	\$528,435
Show	\$301,830		\$115,193	\$417,023
Total Win, Place and Show wagers	\$1,564,132	\$0	\$595,976	\$2,160,108
Double	\$86,485		\$39,121	\$125,606
Exacta	\$701,766		\$265,113	\$966,879
Trifecta	\$582,866		\$217,234	\$800,100
Superfecta	\$244,717		\$107,156	\$351,873
Pick 3	\$118,130		\$53,480	\$171,610
Pick 4	\$82,297		\$41,268	\$123,565
Pick 6	\$18,277		\$5,165	\$23,442
E05	<b>\$5,186</b>		\$839	\$6,025
Total Exotic wagers	\$1,839,724	\$0	\$729,376	\$2,569,100
Total Wagers	\$3,403,856	\$0	\$1,325,352	\$4,729,208

**Turfway Park**Total All Sources on live product
Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	Winter Meet	TOTAL
Win	\$10,283,617		\$6,148,833	\$16,432,450
Place	\$3,434,103		\$2,167,846	\$5,601,949
Show	\$1,919,617		\$1,229,617	\$3,149,234
Total Win, Place and Show wagers	\$15,637,337	\$0	\$9,546,296	\$25,183,633
Double	\$1,381,227		\$918,593	\$2,299,820
Exacta	\$11,974,845		\$7,902,696	\$19,877,541
Trifecta	\$9,478,469		\$6,182,412	\$15,660,881
Superfecta	\$5,647,216		\$4,042,187	\$9,689,403
Pick 3	\$1,543,464		\$1,131,745	\$2,675,209
Pick 4	\$1,220,079		\$1,198,471	\$2,418,550
Pick 6	\$214,102		\$172,776	\$386,878
J05	\$3,018		\$1,590	\$4,608
E05	\$181,829		\$40,003	\$221,832
Total Exotic wagers	\$31,644,249	\$0	\$21,590,473	\$53,234,722
Total Wagers	\$47,281,586	\$0	\$31,136,769	\$78,418,355

#### 2014 Total Standardbred Purses and Attendance

Track	Days of racing	Purses	Attendance	
The Red Mile	22	\$7,816,440.00	8,261	
Players Bluegrass Downs	15	\$193,635.00	1,742	
Thunder Ridge	21	\$192,100.00	2,792	
Total	58	\$8,202,175.00	12,795	

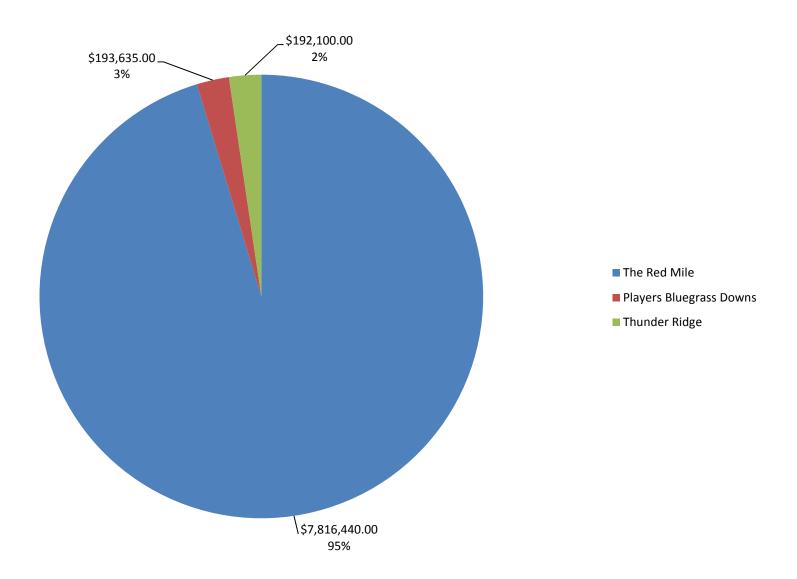
#### **Daily Averages**

Track	Days of racing	Purses	Attendance
The Red Mile	22	\$355,292.73	376
Players Bluegrass Downs	15	\$12,909.00	116
Thunder Ridge	21	\$9,147.62	133

Note: Standardbred purse and attendance data provided by the licensed associations.

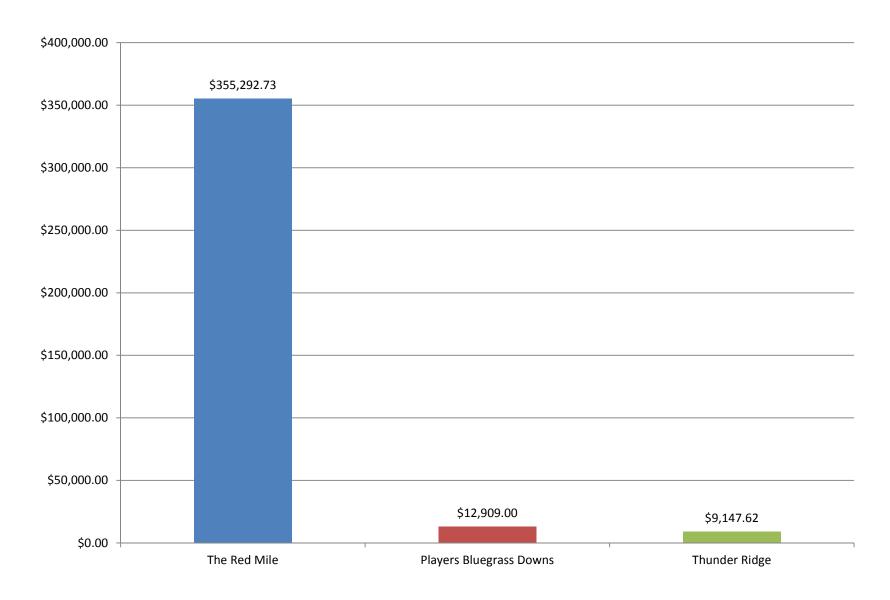
## **2014 Total Standardbred Purses**

Purse data provided by the licensed associations



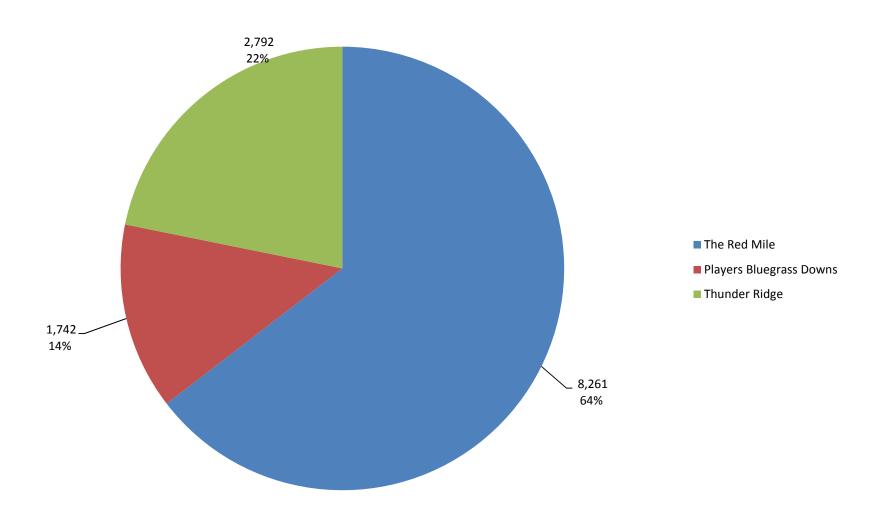
# **2014 Daily Average Standardbred Purses**

Purse data provided by the licensed associations



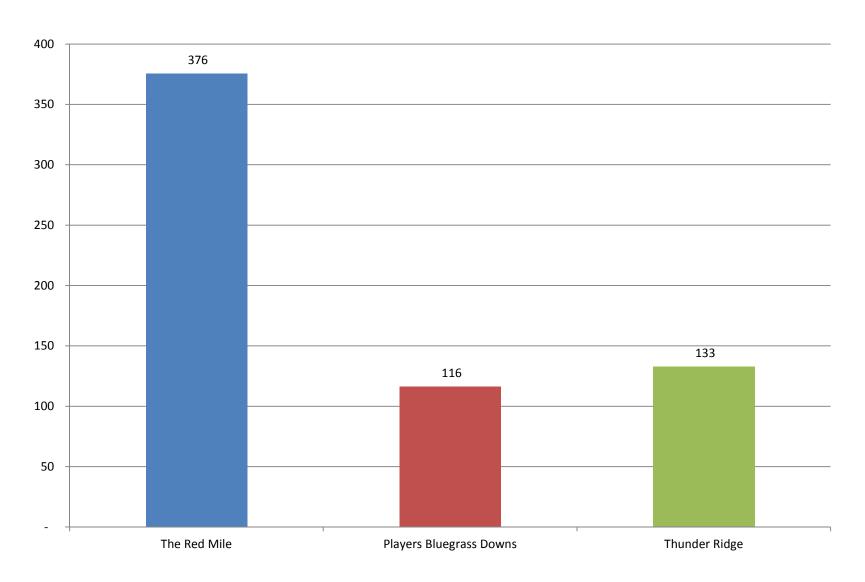
## **2014 Total Standardbred Attendance**

Attendance data provided by the licensed associations



# **2014** Daily Average Standardbred Attendance

Attendance data provided by the licensed associations



#### 2014 Total Standardbred Handle Summary

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total All Sources Handle
The Red Mile	22	\$1,304,463.00	\$7,076,699.00	\$8,381,162.00
Players Bluegrass Downs	s 15	\$19,595.00	\$0.00	\$19,595.00
Thunder Ridge	21	\$1,327.00	\$0.00	\$1,327.00
Total	58	\$1,325,385.00	\$7,076,699.00	\$8,402,084.00

#### **Daily Averages**

Days of racing	Live, On-track Handle	Off-Track Handle	Total All Sources Handle
22	\$59,293.77	\$321,668.14	\$380,961.91
15	\$1,306.33	\$0.00	\$1,306.33
21	\$63.19	\$0.00	\$63.19
)	22 15	22 \$59,293.77 15 \$1,306.33	22 \$59,293.77 \$321,668.14 15 \$1,306.33 \$0.00

Note 1: There is no off-track wagering on Players Bluegrass Downs or Thunder Ridge because they do not simulcast their signals.

Note 2: Wagering data provided by the licensed associations.

#### 2014 Total Wagers on Kentucky Tracks and Out of State Signals

	Standardbred			Thoroughbred					Out of State
Track	Red Mile	Bluegrass Downs	Thunder Ridge	Churchill Downs	Keeneland	Turfway Park	Ellis Park	Kentucky Downs	Full Card
Red Mile Bluegrass Downs Thunder Ridge	\$1,304,463.00 \$7,956.50 \$23,740.80	\$19,595.00	\$1,327.00	\$465,744.50 \$339,613.90	\$193,463.80 \$180,171.20	\$63,234.10 \$52,226.00	\$77,123.80 \$26,712.30	\$29,147.60 \$10,073.20	\$29,202,375.50 \$3,975,211.80 \$3,236,783.70
Total	\$1,336,160.30	\$19,595.00	\$1,327.00	\$805,358.40	\$373,635.00	\$115,460.10	\$103,836.10	\$39,220.80	\$36,414,371.00

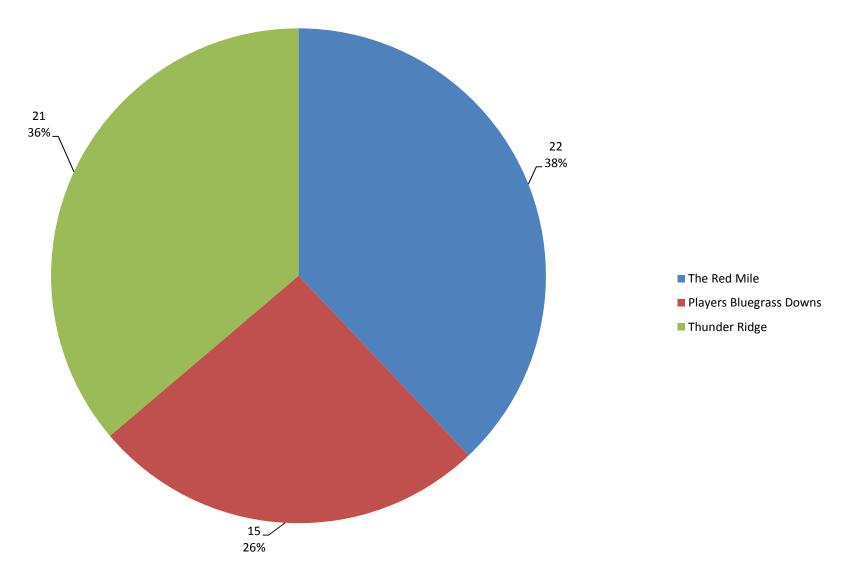
#### SUMMARY

Track	Standardbred	Thoroughbred	Out of State	Total	
Red Mile Bluegrass Downs Thunder Ridge	\$1,304,463.00 \$27,551.50 \$25,067.80	\$0.00 \$828,713.80 \$608,796.60	\$29,202,375.50 \$3,975,211.80 \$3,236,783.70	\$30,506,838.50 \$4,831,477.10 \$3,870,648.10	
Total	\$1,357,082.30	\$1,437,510.40	\$36,414,371.00	\$39,208,963.70	

Note: Wagering data provided by the licensed associations and CHRIMS.

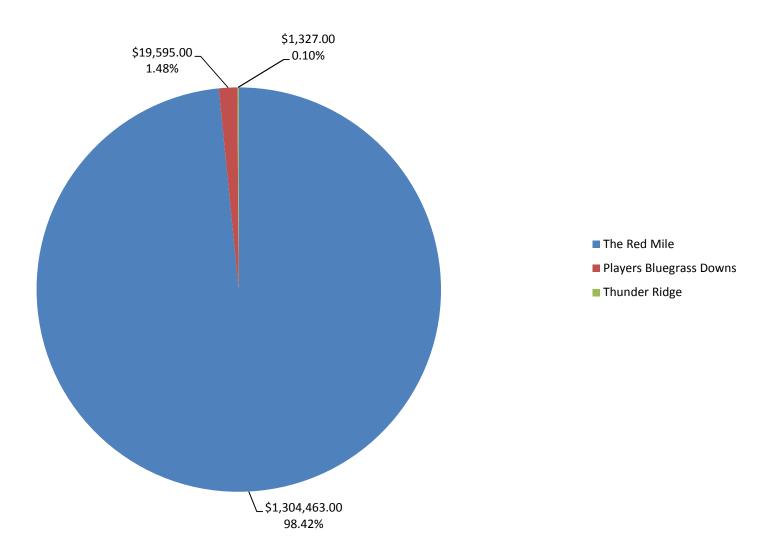
# **2014 Standardbred Days of Racing**

Days of racing provided by the licensed associations



# 2014 Live, On-track Handle on Standardbred Racing

Handle Data provided by the licensed associations



## Players Bluegrass Downs

Contact information:

Jerry Bradley, President and Chief Executive Officer

PO Box 7907

Paducah, KY 42002

(270) 444-7117

Note: no website

2014 Takeout Rates:

Win, Place, and Show: 18%

Exotics:

25%

Breakdown of Purses:

Association Purses

\$193,635.00

### **Bluegrass Downs**

On-track wagering on live product Wagering data provided by the licensed associations

Type Bet	Summer Meet	TOTAL	
Win Place Show	\$5,603 \$3,175 \$2,626	\$5,603 \$3,175 \$2,626	
Total Win, Place and Show wagers	\$11,404	\$11,404	
Double Exacta Trifecta Superfecta Pick 3	\$366 \$5,593 \$2,232	\$366 \$5,593 \$2,232 \$0 \$0	
Total Exotic wagers	\$8,191	\$8,191	
Total Wagers	\$19,595	\$19,595	

Note: Players Bluegrass Downs offers only live, on-track wagering.

### The Red Mile

Contact information: Joe Costa, President and Chief Operating Officer 1200 Red Mile Road Lexington, Ky 40588 (859) 255-0752

For additional information regarding the Red Mile, go to www.theredmile.com.

2014 Takeout Rates:

Win, Place, and Show: 18% Exotics: 25%

Breakdown of Purses:

Association Purses \$7,816,440.00

The Red Mile
On-track wagering on live product
Wagering data provided by the licensed associations

Type Bet	Summer/Fall Meet	TOTAL	
Win	\$219,374	\$219,374	
Place	\$75,350	\$75,350	
Show	\$109,191	\$109,191	
Total Win, Place and Show wagers	\$403,915	\$403,915	
Double	\$22,178	\$22,178	
Exacta	\$307,609	\$307,609	
Trifecta	\$315,560	\$315,560	
Superfecta	\$129,798	\$129,798	
Super High Five	\$29,865	\$29,865	
Pick 3	\$67,598	\$67,598	
Pick 4	\$27,940	\$27,940	
Total Exotic wagers	\$900,548	\$900,548	
Total Wagers	\$1,304,463	\$1,304,463	
Total Wayers	φ1,304,403	φ1,304,403	

The Red Mile

Total All Sources wagering on live product

Wagering data provided by the licensed associations

Summer/Fall	TOTAL	
\$1,298,491	\$1,298,491	
\$435,818	\$435,818	
\$1,090,548	\$1,090,548	
\$2,824,857	\$2,824,857	
\$87,546	\$87,546	
\$1,935,986	\$1,935,986	
\$2,014,693	\$2,014,693	
\$1,100,195	\$1,100,195	
\$105,924	\$105,924	
\$201,480	\$201,480	
\$110,481	\$110,481	
\$5,556,305	\$5,556,305	
\$8,381,162	\$8,381,162	
	\$1,298,491 \$435,818 \$1,090,548 \$2,824,857 \$87,546 \$1,935,986 \$2,014,693 \$1,100,195 \$105,924 \$201,480 \$110,481 \$5,556,305	

## Thunder Ridge

Appalachain Racing, LLC dba Thunder Ridge Addrian Collins, Gen. Mgr. 164 Thunder Road Prestonsburg, KY 41653 (606) 886-7223 Note: no website

2014 Takeout Rates:

Win, Place, and Show: 18% Exotics: 25%

Breakdown of Purses:

Association Purses \$192,100.00

**Thunder Ridge** 

On-track wagering on live product Wagering data provided by the licensed associations

Type Bet	Spring Meet	TOTAL
Win Place Show	\$847 \$49 \$275	\$847 \$49 \$275
Total Win, Place and Show wagers	\$1,171	\$1,171
Double Exacta Trifecta Superfecta Pick 3	\$116 \$40	\$0 \$116 \$40 \$0 \$0
Total Exotic wagers	\$156	\$156
Total Wagers	\$1,327	\$1,327

Note: Thunder Ridge offers only live, on-track wagering.

## WAGERING ON HISTORICAL RACES TOTALS Combined- Calendar Year 2014

Total Wagered	\$365,101,216.25
Total Commission (Total wagered minus takeout rates)	\$27,720,458.82
Net Track Commission  (Total Commission minus the pari-mutuel tax)	\$22,243,940.58
Purse Fund(14% of the net track commission)	\$3,114,151.68
Breeders' Incentive Fund(1% of the net track commission)	\$222,439.41
State Commission	\$5,476,518.24
(Pari-mutuel tax1.5% of the total wagered)  Development Fund	\$2,738,401.84
(.75% of the total wagered)  Equine Industry Program  (.2% of the total wagered)	\$730,240.49
Equine Drug Research(.1% of the total wagered)	\$365,101.22
Higher Education Fund(.1% of the total wagered)	\$365,101.22
General Fund(.35% of the total wagered)	\$1,277,854.26
Returned to the Public	\$337,187,742.76

## WAGERING ON HISTORICAL RACES TOTALS KY Downs- Calendar Year 2014

Total Wagered	\$325,498,532.20
Total Commission(Total wagered minus takeout rates)	\$24,691,761.21
Net Track Commission  (Total Commission minus the pari-mutuel tax)	\$19,809,283.23
Purse Fund(14% of the net track commission)	\$4,233,436.60
Breeders' Incentive Fund(1% of the net track commission)	\$198,092.83
State Commission	¢1 002 177 00
(Pari-mutuel tax1.5% of the total wagered)	\$4,882,477.98
Development Fund(.75% of the total wagered)	\$2,441,381.71
Equine Industry Program(.2% of the total wagered)	\$651,035.12
Equine Drug Research(.1% of the total wagered)	\$325,498.53
Higher Education Fund(.1% of the total wagered)	\$325,498.53
General Fund(.35% of the total wagered)	\$1,139,244.86
Returned to the Public	\$300,548,316.23

# WAGERING ON HISTORICAL RACES TOTALS Ellis Park- Calendar Year 2014

Total Wagered	\$39,602,684.05
Total Commission (Total wagered minus takeout rates)	\$3,028,697.61
Net Track Commission  (Total Commission minus the pari-mutuel tax)	\$2,434,657.35
Purse Fund	\$340,852.03
(14% of the net track commission) Breeders' Incentive Fund(1% of the net track commission)	\$24,346.57
State Commission	\$594,040.26
(Pari-mutuel tax1.5% of the total wagered)  Development Fund	\$297,020.13
Equine Industry Program(.2% of the total wagered)	\$79,205.37
Equine Drug Research(.1% of the total wagered)	\$39,602.68
Higher Education Fund(.1% of the total wagered)	\$39,602.68
General Fund(.35% of the total wagered)	\$138,609.39
Returned to the Public	\$36,639,426.53

#### **Kentucky Off-Track Betting, LLC**

Kentucky Off-Track Betting, LLC owns and operates three off-track betting sites in various parts of Kentucky. The locations of the sites are Corbin, Jamestown, and Maysville. One percent of the handle goes back to the city and county in the communities which they are located.

For the year ending December 31, 2012 Handle and attendance data provided by Kentucky Off-track Betting, LLC.

Tomas y results	2013 Handle	<u>Total</u>
Out -of-state races\$0.	Kentucky races	\$0.00
	Out -of-state races	\$0.00
Total \$0.00 \$0.00 \$0.00 \$0.	Total	\$0.00

	Corbin	<u>Jamestown</u>	<u>Maysville</u>	<u>Total</u>
2012 Attendance		10		0

#### TOTAL WAGERED BY KENTUCKY RESIDENTS THRU ADWs - 2014

		. O L			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly Total
AmWest	\$414,447.00	\$746,898.30	\$712,922.00	\$674,504.40	\$2,548,771.70
eBet	\$237,761.00	\$215,989.00	\$258,621.00	\$170,679.30	\$883,050.30
Premier Turf Club	\$93,773.00	\$150,961.00	\$24,456.00		\$269,190.00
Racing2day	\$370.00	\$0.00	\$0.00	\$0.00	\$370.00
TVG	\$12,247,711.00	\$20,351,851.00	\$11,881,121.00	\$12,814,522.00	\$57,295,205.00
Twin Spires	\$14,425,124.65	\$30,563,624.73	\$18,171,900.74	\$17,595,219.76	\$80,755,869.88
Xpressbet	\$4,033,000.00	\$7,169,000.00	\$5,142,000.00	\$5,878,000.00	\$22,222,000.00
Avatar Ventures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lien Games Racing	\$499,116.20	\$941,006.25	\$717,021.64	\$594,148.60	\$2,751,292.69
TOTAL	\$31,951,302.85	\$60,139,330.28	\$36,908,042.38	\$37,727,074.06	\$166,725,749.57

Avatar Ventures went out of business on May 13, 2014. Current clients were sold to Xpressbet.

Racing2Day ceased operation in Kentucky effective August 1, 2014.